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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

DOCKETED

AZ CORP COMMISSION
DOCUMENT CONTROL

DEC 29 1999

CARL J. KUNASEK

Chairman

JIM IRVIN

Commissioner

WILLIAM A. MUNDELL

Commissioner

DOCKETED BY

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IN THE MATTER OF THE APPLICATION OF) DOCKET NO. E-01933A-98-0471
TUCSON ELECTRIC POWER COMPANY FOR)
APPROVAL OF ITS STRANDED COST)
RECOVERY AND FOR RELATED APPROVALS,)
AUTHORIZATIONS AND WAIVERS.)

IN THE MATTER OF THE FILING OF TUCSON) DOCKET NO. E-01933A-97-0772
ELECTRIC POWER COMPANY OF)
UNBUNDLED TARIFFS PURSUANT TO A.A.C.)
R14-2-1602 *et seq.*)

IN THE MATTER OF THE COMPETITION IN) DOCKET NO. RE-00000C-94-0165
THE PROVISION OF ELECTRIC SERVICES)
THROUGHOUT THE STATE OF ARIZONA.) NOTICE OF COMPLIANCE
FILING PURSUANT TO DECISION
NO. 62103

Pursuant to the Arizona Corporation Commission's November 30, 1999 Decision No 62103 ("Decision") in the above-captioned matters, Tucson Electric Power Company ("TEP") hereby submits the following:

- An Amended Settlement Agreement dated December 1, 1999 entered into between TEP, RUCO, AECC and ACAA. The Amended Settlement Agreement incorporates all of the modifications set forth in the Decision.
- Final Unbundled Distribution Tariffs (which should be considered as Exhibit B to the Amended Settlement Agreement) which have been modified consistent with the Decision.
- TEP's Proposed Code of Conduct. The Proposed Code of Conduct is identical to the Interim Code of Conduct previously filed with the Settlement Agreement and was supported by RUCO and ACAA.

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Phoenix, Arizona 85007

5 **Copy of the foregoing mailed**
6 **this 28th day of December, 1999, to:**

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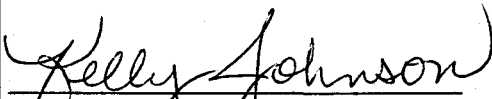
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22 By: Kelly Johnson
23 Secretary for Bradley S. Carroll
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AMENDED SETTLEMENT AGREEMENT

This Amended Settlement Agreement is entered into this 1st day of December, 1999 by Tucson Electric Power Company ("TEP" or the "Company"), the Arizona Residential Utility Consumer Office ("RUCO"), members of the Arizonans For Electric Choice And Competition ("AECC")¹ and Arizona Community Action Association ("ACAA") (collectively the "Parties").

BACKGROUND

A. TEP is a public service corporation that, along with its predecessors, has provided electric service in Arizona since 1892. TEP currently provides retail electric service to the City of Tucson and in the surrounding Pima County area, and to Fort Huachuca in Cochise County pursuant to Certificates of Convenience and Necessity ("CC&Ns"); these areas shall collectively be referred to as the "TEP CC&N Service Territory") that it has received from the Arizona Corporation Commission ("Commission").

B. On December 26, 1996, the Commission issued an Order approving A.A.C. R14-2-1601, *et seq.* (the "Electric Competition Rules") for the purpose of introducing competitive access to retail electric generation and certain other services that are deemed to be competitive (hereinafter referred to as "Competitive Retail Access"). Since then, the Electric Competition Rules have been the subject of multiple litigation and the

¹ AECC consists of the following organizations: Arizonans for Electric Choice and Competition is a coalition of energy consumers in support of competition and includes Cable Systems International, BHP Copper, Motorola, Chemical Lime, Intel, Honeywell, Allied Signal, Cyprus Climax Metals, Asarco, Phelps Dodge, Homebuilders of Central Arizona, Arizona Mining Industry Gets Our Support, Arizona Food Marketing Alliance, Arizona Association of Industries, Arizona Multihousing Association, Arizona Rock Products Association, Arizona Restaurant Association, Arizona Retailers Association, Boeing, Arizona School Board Association, National Federation of Independent Business, Arizona Hospital Association, Lockheed Martin, Abbot Labs, and Raytheon.

implementation thereof has been stayed while additional amendments and revisions thereto are being considered.

C. TEP has worked with the Commission Staff and other interested parties towards finalization of the Electric Competition Rules and the implementation of Competitive Retail Access in Arizona.

D. The Parties acknowledge that in order to restructure the Arizona retail electric industry to provide for Competitive Retail Access and customer choice, this Settlement Agreement provides TEP's shareholders a reasonable opportunity to recover their prudently incurred investments and costs, including stranded costs.

E. The Parties also acknowledge that each Affected Utility (as defined in the Electric Competition Rules) has unique financial and other circumstances such that the Commission should review the provisions of this Settlement Agreement relating to TEP's recovery of stranded costs independently from the proposals of any other Affected Utility.

F. The Parties believe that this Settlement Agreement provides for the timely implementation of Competitive Retail Access in TEP's CC&N Service Territory and for TEP's shareholders to have a reasonable opportunity to recover their prudently incurred investments and costs. The Parties further believe that competition in the electric industry will benefit all customers in providing greater efficiencies and lower electric power costs. Accordingly, this Settlement Agreement is to be interpreted so as to bring about these consumer benefits as soon as possible.

G. The Parties further believe that the terms and conditions of this Settlement Agreement are just, reasonable and in the public interest in that they, among other things,

provide for Competitive Retail Access in TEP's Service Territory, establish rate reductions for all TEP customers, set a mechanism for stranded cost recovery and resolve contentious litigation.

H. The Parties desire that the Commission issue an Order: (a) finding that the terms and conditions of this Settlement Agreement are just and reasonable; (b) concluding that this Settlement Agreement is in the public interest; (c) approving this Settlement Agreement; and (d) implementing the terms and conditions set forth herein (the "Commission's Approval Order").

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein and for other good and valuable consideration, the Parties hereto agrees as follows:

1. COMPETITIVE RETAIL ACCESS.

1.1 Competitive Retail Access in TEP's CC&N Service Territory shall commence sixty (60) days after the issuance of the Commission's Approval Order ("Commencement Date"), and subject to: (a) the provisions of effective Electric Competition Rules; and (b) the terms and conditions herein.²

1.2 Upon the Commencement Date, TEP shall make available for Competitive Retail Access the amount of system peak load set forth in the currently proposed Electric Competition Rules, plus an additional fifty-four (54) megawatts of load which shall be made available to eligible non-residential customers. Unless subject to judicial or

² The Parties recognize that Y2K issues will be of critical importance during the fourth quarter of 1999. Therefore, the Parties respectfully request approval of this Settlement Agreement on or before August 1, 1999 so that Competitive Retail Access may commence in TEP's service territory on or before October 1, 1999.

regulatory restraint, all TEP customers will be eligible to receive Competitive Retail Access on January 1, 2001.

1.3 The Parties shall urge the Commission to approve the Electric Competition Rules, at least on an emergency basis, so that meaningful Competitive Retail Access can begin in TEP's service territory subject to the provisions of Section 1.1 herein.

1.4 Electric Service Agreements ("ESAs"), in effect as of the Commencement Date, shall remain in effect, unless TEP and the respective parties thereto agree to a modification or a termination thereof. In the event that an ESA, in effect as of the Commencement Date, terminates by its terms prior to January 1, 2001, then the ESA customer shall have the option of choosing: (a) Competitive Retail Access; or (b) an extension of the ESA up to January 1, 2001 at the then-current contract price (with any applicable seasonal adjustment and continuing escalation that would have applied had the ESA not terminated).

2. STRANDED COST RECOVERY.

2.1 TEP shall have a reasonable opportunity to recover its stranded costs, including its regulatory assets. TEP shall be authorized to recover its stranded costs in the following manner:

(a) The Commission shall authorize TEP to implement a competition transition charge ("CTC") in two components: (i) a "Fixed" CTC; and (ii) a "Floating" CTC.

(b) The Fixed CTC shall be set so as to equal a charge of 0.93 cents/kWh (average) ("Fixed CTC amount"), which shall include recovery of TEP's regulatory assets. The Fixed CTC component shall terminate when it has yielded a stranded cost

recovery of four hundred fifty million dollars (\$450 million), or on December 31, 2008, whichever occurs first. When the Fixed CTC terminates, unbundled service rates will be reduced by the same amount. The amortization schedule for the \$450 million of Fixed CTC is attached hereto as Exhibit A. The parties acknowledge that the actual collection of the Fixed CTC will vary with actual kWh sales.

(c) The Floating CTC shall be calculated using a Market Generation Credit ("MGC") methodology (as defined in subsection 2.1(d) below) and will terminate on December 31, 2008. The Floating CTC shall be determined on a quarterly basis. TEP shall set the Floating CTC amount forty-five (45) days prior to each calendar quarter. The Parties acknowledge that the Floating CTC amount may vary from month-to-month, as the MGC varies. The Floating CTC amount shall equal the difference between the customer's bundled rate and the sum of: (i) the MGC; (ii) the "Adder" (as defined in subsection 2.1(e) below); and (iii) the unbundled charges for: a) distribution; b) transmission; c) metering; d) billing; e) ancillary services; f) fixed must-run generation; g) system benefits; and h) the Fixed CTC. In a given quarter, the Floating CTC can have a negative value, in which case the negative value will be credited to the customers' monthly bill. The sum of the MGC and the Adder shall be reflected on customers' bills as a single line item.

(d) The monthly MGC amount shall be calculated in advance and stated as both an on-peak value and an off-peak value. The monthly on-peak MGC component shall be equal to the Market Price multiplied by one plus the appropriate line loss (including unaccounted for energy ("UFE")) amount. The Market Price shall be equal to the Palo Verde NYMEX futures price, except when adjusted for the variable cost of

TEP's must-run generation. The Market Price shall be determined 45 days prior to each calendar quarter using the average of the most recent three (3) business days of Palo Verde NYMEX settlement prices. The off-peak MGC component shall be determined in the same manner as the on-peak component, except that the Palo Verde futures price will be adjusted by the ratio of off-peak to on-peak hourly prices from the California Power Exchange of the same month from the preceding year. The market price shall reflect the cost of serving a one hundred percent (100%) load factor customer. If the nature of the Palo Verde NYMEX changes such that it no longer accurately reflects the intent of the Settlement, the Company, Staff or any other interested party may request that an alternative index be utilized to the extent such index is consistent with the Settlement.

(e) The Parties acknowledge that the purpose of the Adder is to estimate the cost of supplying power to a specific customer or customer group and stratum relative to the value of the NYMEX futures prices used in the calculation of the market price for a one hundred percent (100%) load factor. The Adder will be adjusted for each customer class and stratum, shall average 4.2 mills and shall be subject to the same line loss adjustment outlined in subsection (d) herein. However, the initial Adder for any customer shall not be less than 3.0 mills.

(f) The Parties acknowledge that the Adder is intended to estimate the difference between the flat load costs associated with the PV index and actual customer load characteristics plus an additional amount for costs that will not be readily quantifiable until the Arizona market more fully develops. After June 1, 2004, any interested party may submit a request to the Commission to alter/amend the initial Adder

based upon actual market conditions. Any such requests will be considered as part of the rate modifications contemplated pursuant to Section 5.2.

(g) TEP shall file a securitization plan for any portion of the CTC. Such financing application will provide that TEP will share the benefits of such securitization with its customers. The Commission shall issue an order authorizing the securitization if TEP can demonstrate that it is in the public interest.

(h) The CTC for an ESA customer shall be calculated using the customer's ESA price as of May 1, 1999 (subject to any automatic escalation provisions contained in the ESA) as the customer's bundled rate.

(i) Self-generation and other reductions in purchases "off-the-grid" shall not be subject to the CTC (consistent with the Electric Competition Rules).

(j) During a month in which must-run generation is provided to meet retail load, the Market Price component used in calculating the on-peak MGC shall be a weighted average of the Palo Verde NYMEX futures price and the must-run variable cost charges that are levied on scheduling coordinators serving retail customers in the TEP load zone during that month, consistent with AISA protocols.

3. SEPARATION OF COMPETITIVE AND NON-COMPETITIVE SERVICES.

3.1 On or before December 31, 2002, TEP shall transfer its generation and other assets deemed to be competitive (as defined in the Electric Competition Rules) to a subsidiary of TEP, at market value. Commission approval of this Settlement Agreement shall constitute any necessary approval or waiver under Title 40, Arizona Revised Statutes and the Commission's Affiliated Interest Rules (A.A.C. R14-2-801, *et seq.*) for the formations of the subsidiary and the transfer of the assets. At such time that TEP

effectuates the transfer of its generation assets, it shall be required to procure generation for its standard offer customers in accordance with the Electric Competition Rules.

4. UNBUNDLED RATES.

4.1 TEP's rates shall be fully unbundled into separate charges for: (a) distribution; (b) transmission; (c) metering; (d) billing; (e) ancillary services; (f) fixed must-run generation; (g) system benefits; and (h) standard offer generation, the sum of which shall not exceed a customer's current bundled rates. For TEP's standard offer customers, the CTC shall be included in the cost of standard offer generation service, and shall be separately identified on the customers' bills.

4.2 TEP's cost for variable must-run generation shall be billed directly to scheduling coordinators in accordance with AISA protocols, and shall be included in the standard offer generation charge.

4.3 TEP shall take reasonable steps to minimize the "collapsing" of tariffs that are on file with the Commission as of the Commencement Date.

4.4 TEP shall charge rates for transmission and ancillary services based upon its FERC Open Access Transmission Tariff.

4.5 TEP's tariffs shall be unbundled for all customers, including those who are not initially eligible for Competitive Retail Access.

4.6 TEP shall defer for future recovery its cost to implement Competitive Retail Access. The Commission shall authorize TEP to recover its reasonable and prudently incurred Competitive Retail Access implementation costs as a plant cost and/or deferred debit subject to review in the TEP June 1, 2004 filing (as discussed in section 5.2 below.)

5. RATE REDUCTIONS.

5.1 TEP shall reduce the rates charged to all non-ESA customers by two percent (2%) as follows: one percent (1%) on July 1, 1999 and one percent (1%) on July 1, 2000. Except for the non-ESA two percent (2%) rate reductions, TEP's rates shall be frozen until December 31, 2008, except for: (a) those adjustments that will result as a consequence of this Settlement Agreement; (b) changes in TEP's transmission tariffs due to AISA or Desert STAR; and (c) changes authorized hereinbelow.

5.2 TEP shall file a report with the Director of the Utilities Division by June 1, 2004 identifying any required modifications to the Fixed or Floating CTC, TEP's distribution tariffs and other unbundled components ("TEP June 1, 2004 filing"), that would have the effect of reducing standard offer and/or overall unbundled rates while providing for TEP's recovery of costs associated with provider of last resort service in standard offer rates. This report shall include a recommendation as to whether the Fixed CTC can be eliminated/reduced prior to December 31, 2008. Any changes in TEP's rates made pursuant to this section 5.2 shall be implemented no later than January 1, 2005.

5.3 TEP's rate reductions provided for herein shall constitute full compliance with provisions of the Electric Competition Rules requiring that Affected Utilities implement rate reductions.

6. TARIFF FILINGS.

6.1 The Parties agree that the Unbundled Distribution Tariffs, attached hereto as Exhibit B, are just and reasonable. The Commission's Approval Order shall include such a finding and approve TEP's Unbundled Distribution Tariffs.

7. CODE OF CONDUCT.

7.1 All transactions between TEP (the regulated Utility Distribution Company) and its affiliates engaged in Competitive Retail Access shall be governed by a Code of Conduct. Within thirty (30) days of the filing of this Settlement Agreement, TEP shall file with the Commission an Interim Code of Conduct. TEP will voluntarily comply with this Interim Code of Conduct until the Commission approves a final Code of Conduct for TEP in accordance with the Electric Competition Rules. TEP shall confer with the Parties prior to filing its Interim Code of Conduct.

8. CERTIFICATE OF CONVENIENCE AND NECESSITY.

8.1 TEP agrees to the amendment and modification of its CC&N in order to permit Competitive Retail Access consistent with the terms of this Settlement Agreement. The Commission's Approval Order shall contain the necessary findings and conclusions and constitute the necessary Commission Order amending and modifying TEP's CC&Ns to permit competitive Retail Access consistent with the terms of this Settlement Agreement.

9. INDEPENDENT SCHEDULING ADMINISTRATOR/INDEPENDENT SYSTEM OPERATOR.

9.1 TEP shall fully support the development of the Arizona Independent Scheduling Administrator ("AISA") and Desert STAR. TEP shall modify its FERC Open Access Transmission Tariff ("OATT") to be fully compatible with the AISA/ISO Bylaws and Protocols Manual. The Parties reserve their rights with respect to any AISA protocols, including the right to challenge or seek modifications to, or waivers from, such protocols. TEP shall file changes to its existing OATT consistent with this Section

within ten (10) days of Commission approval of this Settlement Agreement pursuant to Section 13.3.

10. RESOLUTION OF LITIGATION.

10.1 Upon issuance by the Commission of the Commission's Approval Order that is no longer subject to judicial review, TEP shall move to dismiss with prejudice all pending litigation brought by TEP against the Commission and assist the Commission in any remaining litigation regarding implementation of the Electric Competition Rules.

11. LOW-INCOME PROGRAMS.

11.1 To ensure that low-income customers and programs are not negatively impacted by the introduction and transition to Competitive Retail Access, TEP's System Benefits Charge as set forth in the tariffs filed herewith, shall include charges to maintain its existing low-income programs (which include weatherization, Life Fund, bill assistance and rate discounts) in an amount of at least current levels through December 31, 2004 when all such programs will be reviewed as part of TEP's June 1, 2004 filing. Additionally, the Parties agree to recommend to the Commission that TEP's low income rate discount program (with the exception of the medical discount which shall remain the same) be amended as follows: (a) to replace the current percentage discounts with a flat eight dollar (\$8.00) per month discount; (b) the applicant for the program must receive the bill in their name, be a residential customer and meet one-hundred fifty percent (150%) of the federal poverty income guidelines; and (c) the program would operate as follows: (i) the program would have an application which is self-declared/self-addressed and available in English and in Spanish; (ii) once TEP receives the application, it would be reviewed; (iii) once the customer has been

determined to be eligible, the discount would become effective immediately; (iv) participants who move within TEP's service territory would have their eligibility transferred with them; and (v) the customers would be notified annually by TEP when it is time to reapply.

12. WAIVERS.

12.1 The Parties agree that certain waivers for TEP of the Affiliated Interest Rules, Integrated Resource Planning Rules, certain conditions in Decision No. 60480, and certain Commission decisions are in the public's interest. The Commission's Approval Order shall include and grant to TEP waivers from the following as set forth below:

(a) A.A.C. R14-2-701, *et seq.* - Integrated Resource Planning Rules – TEP shall comply with the Integrated Resource Planning (“IRP”) Rules until divestiture of its generation. After such time as divestiture occurs, the IRP Rules shall not apply to TEP pursuant to R14-2-702.A. Pursuant to R14-2-702.B, the Commission may apply the IRP Rules to TEP upon two years notice.

(b) A.A.C. R14-2-801 *et seq.* - Affiliated Interest Rules (to the extent necessary to comply with this Settlement Agreement and the Electric Competition Rules).

Additional Specific Waivers:

- R14-2-803 is limited to organizations or reorganizations of UniSource when the organization or reorganization changes the position of TEP (the UDC) in the holding company organizational structure.

- R14-2-804.A, the agreement by affiliates to allow Commission access to their books and records, is limited to investigations which are performed during the course of a rate case.
- R14-2-805.A is limited to require annual filings by only TEP (the UDC), unless the diversification plans or efforts of affiliates are likely to adversely affect the UDC's financial integrity.
- R14-2-805.A.2 is limited to a broad description of the nature of the business of each affiliate.
- R14-2-805.A.6. is limited to disclosure of allocations applicable to the UDC. The Commission's jurisdiction to require disclosure of the bases of other allocations should be reserved for rate cases.
- R14-2-805.A.9, 10 and 11 is limited to production of such documents in rate cases and no annual filings are necessary.

(c) Decision No. 60480, Holding Company Order:

- Condition Nos. 2, 13, and 17 are waived.
- Condition No. 12 is waived for sister companies. However, TEP will continue to file quarterly. UniSource will file annually. SEC filings will continue to be filed with the Commission.
- Condition No. 19 is modified to reduce the percentage of UniSource equity issuances that must be shared with TEP from 60 percent to 30 percent.
- Condition Nos. 19, 20 and 21 will remain in force, as modified, until the equity portion of TEP's capital structure reaches or

exceeds 37.5 percent. TEP may request reconsideration of these waiver requests in conjunction with its next rate case.

- Condition No. 26 will remain in effect but is limited to TEP employees.
- Condition No. 27 is waived for the annual filing requirement. This waiver does not preclude the Commission from requiring the filing of information that would have been filed annually for purposes the Commission deems necessary, including but not limited to rate setting.

(d) Decision No. 59594 - Mid-Year DSM and Renewables Report – TEP will comply with this filing requirement until such time as divestiture occurs. Thereafter, the requirement is waived.

(e) Decision No. 57586 - Director Transaction Report - This requirement is waived.

(f) Decision No. 58316 - Investment Subsidiary Liquidation Report and Purchase Agreement Summary - This requirement is waived.

(g) Decision No. 58497 - Avoided Cost Report – TEP will comply with this filing requirement until such time as divestiture occurs. Thereafter, the requirement is waived.

(h) Decision No. 57090 - Time of Use Letters – TEP will comply with this filing requirement until such time as divestiture occurs. Thereafter, the requirement is waived.

(i) Decision No. 56659 - Time of Use Report – TEP will comply with this filing requirement until such time as divestiture occurs. Thereafter, the requirement is waived.

(j) Decision No. 56526 - Fuel & Performance Filing – TEP will comply with this filing requirement until such time as divestiture occurs. Thereafter, the requirement is waived.

(k) Decision No. 57924 - Interruptible Report Filing – TEP will comply with this filing requirement until such time as divestiture occurs. Thereafter, the requirement is waived.

(l) Statistical Data on Generating Units Filing – TEP will comply with this filing requirement until such time as divestiture occurs. Thereafter, the requirement is waived.

(m) Generating Unit Outage Report Filing – TEP will comply with this filing requirement until such time as divestiture occurs. Thereafter, the requirement is waived.

(n) Cost Containment Report (Decision No. 59594) – This requirement is waived.

13. CONTINGENCIES TO THIS SETTLEMENT AGREEMENT.

13.1 Neither the Parties nor the Commission shall take any action that would diminish the recovery of TEP's stranded costs or regulatory assets provided for herein. In entering into this Settlement Agreement, TEP has relied upon the Commission's irrevocable promise to permit recovery of TEP's stranded costs and regulatory assets as provided herein. Such irrevocable promise by the Commission shall be evidenced by the

issuance of the Commission's Approval Order, shall survive the expiration of the Settlement Agreement and shall be specifically enforceable against this and any future Commission.

13.2 The Parties acknowledge that TEP's ability to offer Competitive Retail Access is contingent upon conditions and circumstances, a number of which are not within the direct control of the Parties. Accordingly, the Parties agree that it may become necessary to modify the terms of retail access to account for such factors, and they further agree to address such matters in good faith and to cooperate in an effort to propose joint resolutions for any such matters.

13.3 This Settlement Agreement shall not become effective until the issuance of a final Commission Order approving this Settlement Agreement, without modification, on or before August 1, 1999. In the event that the Commission fails to approve this Settlement Agreement without modification according to its terms on or before August 1, 1999, any Party to this Settlement Agreement may withdraw from this Settlement Agreement and shall thereafter not be bound by its provisions; provided, however, that if TEP withdraws from this Settlement Agreement, the Settlement Agreement shall be null and void and of no further force and effect. Parties so withdrawing shall be free to pursue their respective positions without prejudice. Approval of this Settlement Agreement by the Commission shall make the Commission a Party to this Settlement Agreement and fully bound by its provisions.

13.4 Neither the Commission nor TEP shall be prevented from seeking or authorizing a change in unbundled or Standard Offer rates prior to December 31, 2008, in the event of (a) conditions or circumstances which constitute an emergency, such as the

inability to finance on reasonable terms; or (b) material changes in TEP's cost of service for Commission-regulated services resulting from federal, tribal, state or local laws, regulatory requirements, judicial decisions, actions or orders. Except for the changes otherwise specifically contemplated by this Settlement Agreement, unbundled and Standard Offer rates shall remain unchanged until at least December 31, 2008.

13.5 Each provision of this Settlement Agreement is in consideration and support of all the other provisions, and expressly conditioned upon acceptance by the Commission without change. In the event that the Commission fails to adopt this Settlement Agreement according to its terms, this Settlement Agreement shall be deemed withdrawn and the parties shall be free to pursue their respective positions in these proceedings without prejudice.

13.6 This Settlement Agreement shall not preclude TEP from requesting, or the Commission from approving, changes to specific rate schedules or terms and conditions of service, or the approval of new rates or terms and conditions of service, that do not significantly affect the overall earnings of the Company or materially modify the tariffs or increase the rates approved in this Settlement Agreement. Nothing contained in this Settlement Agreement shall preclude TEP from filing changes to its tariffs or terms and conditions of service which are not inconsistent with its obligation under this Settlement Agreement.

14. MISCELLANEOUS PROVISIONS.

14.1 This Settlement Agreement represents an attempt to compromise and settle disputed claims in a manner consistent with the public interest. Nothing contained in this Settlement Agreement is an admission by any of the Parties that any of the positions

taken, or that might be taken by each in a formal proceeding, is unreasonable. In addition, acceptance of this Settlement Agreement by the Parties is without prejudice to any position taken by any party in these proceedings.

14.2 The Parties agree that they shall make all reasonable and good faith efforts necessary to (a) obtain final approval of this Settlement Agreement by the Commission; and (b) ensure full implementation and enforcement of all the terms and conditions set forth in this Settlement Agreement. Neither the Parties nor the Commission shall take or propose any action which would be inconsistent with the provisions of this Settlement Agreement. All parties shall actively defend this Settlement Agreement in the event of any challenge to its validity or implementation.

14.3 Approval of this Settlement Agreement by the Commission shall constitute a waiver of any existing Commission order, rule or regulation to the extent necessary to permit performance of the Settlement Agreement, as approved by the Commission. Any future Commission order, rule or regulation shall be construed and administered, insofar as possible, in a manner so as not to conflict with the specific provisions of this Settlement Agreement, as approved by the Commission. In the event any of the Parties deems a future Commission order, rule or regulation to be inconsistent with the specific provisions of this Settlement Agreement, a waiver of the new Commission order, rule or regulation shall be sought.

Nothing in this Settlement Agreement is intended to otherwise interfere with the Commission's ability to exercise its regulatory authority by the issuance of orders, rules or regulations. The requirements of this Settlement Agreement shall be performed in accordance with the Commission's Electric Competition Rules (including any specific

waivers granted by the Commission's order approving the Settlement Agreement), except where a specific provision of this Settlement Agreement would excuse compliance.

14.4 The provisions of this Settlement Agreement shall be implemented and enforceable notwithstanding the pendency of a legal challenge to the Commission's approval of this Settlement Agreement, unless such implementation and enforcement is stayed or enjoined by a court having jurisdiction over this matter. If any portion of the Commission's Approval Order or any provision of this Settlement Agreement is declared by a court to be invalid or unlawful in any respect, then (a) TEP shall have no further obligations or liabilities under this Settlement Agreement, including, but not limited to, any obligation to implement any future rate reductions under Section 5.1 not then in effect; and (b) the modifications to TEP's CC&Ns referred to in Section 8.1 shall be automatically revoked, in which event TEP shall use its best efforts to continue to provide noncompetitive services (as defined in the proposed Electric Competition Rules) at then current rates with respect to customer contracts in effect for competitive generation (for the remainder of their term) to the extent not prohibited by law and subject to applicable regulatory requirements.

14.5 The terms and provisions of this Settlement Agreement apply solely to and are binding only in the context of the purposes and results of this Settlement Agreement and none of the positions taken herein by any party may be referred to, cited or relied upon by any other Party in any fashion as precedent or otherwise in any other proceeding before this Commission or any other regulatory agency or before any court of law for any purpose except in furtherance of the purposes and results of this Settlement Agreement.

14.6 The filing of this Settlement Agreement with the Commission shall constitute TEP's compliance with the requirements of Decision No. 61677 that it file with the Commission a plan for stranded cost recovery and unbundled tariffs on or before June 14, 1999.

14.7 The Parties agree and recommend that the Commission schedule public meetings and hearings for consideration of this Settlement Agreement. The filing of this Settlement Agreement with the Commission shall be deemed to be the filing of a formal request for the expeditious issuance of a procedural schedule that establishes such formal hearings and public meetings as may be necessary for the Commission to approve the Settlement Agreement and that afford interested parties adequate opportunity to comment and be heard on the terms of this Settlement Agreement consistent with applicable legal requirements.

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15. Proposed Order.

15.1 Within thirty (30) days of the filing of this Settlement Agreement, TEP shall file with the Commission a Proposed Form of Order approving this Settlement Agreement. TEP shall confer with the Parties prior to filing the Proposed Form of Order.

DATED as of this 1st day of December, 1999.

TUCSON ELECTRIC POWER COMPANY

By:  _____

Title:  _____

15. Proposed Order.

15.1 Within thirty (30) days of the filing of this Settlement Agreement, TEP shall file with the Commission a Proposed Form of Order approving this Settlement Agreement. TEP shall confer with the Parties prior to filing the Proposed Form of Order.

DATED as of this 1st day of December, 1999.

RESIDENTIAL UTILITY CONSUMER OFFICE

By: Scott Workfull

Title: Chief Counsel

15. Proposed Order.

15.1 Within thirty (30) days of the filing of this Settlement Agreement, TEP shall file with the Commission a Proposed Form of Order approving this Settlement Agreement. TEP shall confer with the Parties prior to filing the Proposed Form of Order.

DATED as of this 1st day of December, 1999.

ARIZONANS FOR ELECTRIC CHOICE AND COMPETITION

By: 

Title: president

15. Proposed Order.

15.1 Within thirty (30) days of the filing of this Settlement Agreement, TEP shall file with the Commission a Proposed Form of Order approving this Settlement Agreement. TEP shall confer with the Parties prior to filing the Proposed Form of Order.

DATED as of this 1st day of December, 1999.

ARIZONA COMMUNITY ACTION ASSOCIATION

By: Betty Pruitt

Title: Action Executive Director

EXHIBIT A

FIXED CTC AMORTIZATION SCHEDULE

FIXED CTC REVENUE REQUIREMENT - ANNUAL

YEAR	NBV OF STRANDED COST	AMORTIZATION	RETURN AND INCOME TAXES	REVENUE REQUIREMENT	PROJECTED RETAIL MWH	FIXED CTC PER MWH
4Q 1999	450,000,000	4,162,606	12,408,750	16,571,356	1,781,675	\$9.3010
2000	445,837,394	25,822,297	48,237,923	74,060,219	7,962,610	\$9.3010
2001	420,015,098	30,172,194	45,216,180	75,388,374	8,105,407	\$9.3010
2002	389,842,904	35,215,043	41,686,901	76,901,944	8,268,139	\$9.3010
2003	354,627,860	40,792,010	37,579,706	78,371,716	8,426,162	\$9.3010
2004	313,835,850	47,077,552	32,828,764	79,906,315	8,591,155	\$9.3010
2005	266,758,299	54,076,657	27,355,738	81,432,395	8,755,232	\$9.3010
2006	212,681,641	61,855,125	21,079,131	82,934,255	8,916,705	\$9.3010
2007	150,826,517	70,532,073	13,908,237	84,440,310	9,078,629	\$9.3010
2008	80,294,443	80,294,443	5,736,496	86,030,939	9,249,646	\$9.3010
		450,000,000	286,037,823	736,037,823		

AMORTIZATION EXPENSE NET OF EXCESS CAPACITY DEFERRALS

YEAR	TOTAL STRAND. COST AMORTIZATION	AMORT. OF EXCESS CAP. DEFERRALS	NET AMORT. EXPENSE PER GAAP
4Q 1999	4,162,606	0	4,162,606
2000	25,822,297	(9,075,000)	16,747,297
2001	30,172,194	(9,075,000)	21,097,194
2002	35,215,043	(9,075,000)	26,140,043
2003	40,792,010	(9,075,000)	31,717,010
2004	47,077,552	0	47,077,552
2005	54,076,657	0	54,076,657
2006	61,855,125	0	61,855,125
2007	70,532,073	0	70,532,073
2008	80,294,443	0	80,294,443
	450,000,000	(36,300,000)	413,700,000

TUCSON ELECTRIC POWER COMPANY



UNBUNDLED DISTRIBUTION TARIFFS

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 1

Sheet No. 1 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
RESIDENTIAL SCHEDULE NO. 1

The Company's following Riders apply to this tariff: Adder Associated with MGC – Rider No. 1; Must-Run Generation – Rider No. 2; Transmission and Ancillary Services – Rider No. 3; Fixed CTC by Class – Rider No. 4; and Transmission Credit – Rider No. 5.

AVAILABILITY

In all territory served by Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the premises served.

APPLICABILITY

To all single phase or three phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter; however, electric water heating may be metered separately.

Not applicable to resale, breakdown, standby, or auxiliary service or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, nominal 120/240 volts.

RATES - Single-Phase Service

A monthly net bill based on the following, as applicable, plus any adjustments incorporated in this Schedule:

Distribution - Primary

Applicability: Required for Direct Access Service.

Price of Service: \$0.019131 per kWh

Distribution - Secondary

(Applies to primary & secondary customers; a primary discount may apply to primary customers.)

Price of Service: \$0.007091 per kWh

Distribution - Customer Service Drop

Price of Service: \$0.623377 per customer month

Fixed Must-Run

Applicability: Required for Direct Access Service.

See Must-Run Generation - Rider No. 2

Price of Service: \$0.004320 per kWh

Fixed CTC

Applicability: Required for Direct Access Service.

See Fixed CTC by Class - Rider No. 4

Price of Service: \$0.009300 per kWh

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 1Sheet No. 2 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
RESIDENTIAL SCHEDULE NO. 1**Floating CTC**

Applicability: Required for Direct Access Service.

See Market Generation Credit (MGC) and Stranded Cost Recovery section of this Tariff.

Demand Side Management

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000617 *per kWh***Customer Information and Lifeline Discount**

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000684 *per kWh***Uncollectible Accounts**

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000133 *per kWh***Meter Services**

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Installation	\$0.503195 <i>per customer month</i>
Maintenance	\$0.100639 <i>per customer month</i>
<u>Equipment</u>	<u>\$0.402556</u> <i>per customer month</i>
Subtotal	\$1.006389 <i>per customer month</i>

Meter Reading Services

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service: \$0.801807 *per customer month***Billing and Collection**

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service: \$2.518427 *per customer month***Transmission - Group A: For customers under 20 kW and not demand metered.**

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit – Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, an estimated rate is shown below.

Energy-based rate for transmission: \$0.005629 *per kWh***Transmission - Group B: For customers not in Group A.**

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rate is shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the transmission charges are as follows:

EHV	\$2.259000 <i>per kW / Month</i>
Non-EHV	\$0.757000 <i>per kW / Month</i>

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 1Sheet No. 3 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
RESIDENTIAL SCHEDULE NO. 1**Ancillary Services - Group A: For customers under 20 kW and not demand metered.**

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit -- Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, estimated rates are shown below.

System Control & Dispatch	\$0.000079 per kWh
Reactive Supply and Voltage Control	\$0.000310 per kWh
Regulation and Frequency Response	\$0.000300 per kWh
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.000814 per kWh
Supplemental Reserve Service	\$0.000133 per kWh

Ancillary Services - Group B: For customers not in Group A.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rates are shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the charges are as follows:

System Control & Dispatch	\$0.041000 per kW / Month
Reactive Supply and Voltage Control	\$0.161000 per kW / Month
Regulation and Frequency Response	\$0.156000 per kW / Month
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.423000 per kW / Month
Supplemental Reserve Service	\$0.069000 per kW / Month

Notes:

- 1) A loss factor adjustment (5.4%) shall be made for Transmission and Ancillary Services.
- 2) Energy Imbalance Service currently charged pursuant to the Company's OATT, which is subject to change pursuant to AISA protocols.

RATES - Three Phase Service

Same as single-phase service, except three-phase service is subject to the following additional charges:

Distribution - Customer Service Drop	\$1.00 per customer month
Meter Services	
Installation	\$0.81 per customer month
Maintenance	\$0.81 per customer month
<u>Equipment</u>	<u>\$4.88 per customer month</u>
Subtotal	\$6.50 per customer month
Total	\$7.50 per customer month

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 1

Sheet No. 4 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
RESIDENTIAL SCHEDULE NO. 1

ADDITIONAL NOTES

Summer billing months are May through October and winter billing months are November through April. Demand-Side Management, Uncollectible Accounts, Customer Information and Lifeline Discount are collectively referred to as the System Benefit Charge (SBC).

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

See Must-Run Generation – Rider No. 2 for treatment of variable Must-Run Generation.

MARKET GENERATION CREDIT (MGC) and STRANDED COST RECOVERY

The floating CTC is used to recover a portion of stranded cost and is calculated using a MGC methodology. The MGC is determined quarterly, with such change set 45 days prior to each quarter, although the amount will vary month-to-month. The floating CTC equals the difference between the customer's bundled rate and the sum of the MGC, the Adder (pursuant to Adder Associated with MGC – Rider No. 1), and the unbundled charges for: a) distribution, b) transmission, c) meter services, d) meter reading services, e) billing and collection, f) demand-side management system benefits charge, g) customer information and life-line discount system benefits charge, h) uncollectible accounts, i) ancillary services (Transmission and Ancillary Services – Rider No. 3), j) fixed must-run generation (Must-Run Generation – Rider No. 2), and k) fixed CTC (Fixed CTC by Class – Rider No. 4). In a given quarter, the floating CTC can have a negative value, in which case the negative value will be credited to the customer's monthly bill.

The monthly MGC will be calculated using an on-peak component and an off-peak component and will be calculated in advance. The monthly on-peak component will be equal to a market price multiplied by the quantity of 1 plus the appropriate line loss (including UFE). The market price will be equal to the Palo Verde NYMEX futures price, except when adjusted for the variable cost of must-run generation. The off-peak component will be determined in the same manner as the on-peak component, except that the Palo Verde futures price will be adjusted by the ratio of off-peak to on-peak hourly prices from the California Power Exchange of the same month from the preceding year.

ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge of \$0.00004473 per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona (Applies to scheduling coordinators; not billed to end-use customers).

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

Service Connection Charges

1. There shall be a \$13.50 charge for the initial establishment of each new service for each Customer.
2. There shall be a \$13.50 charge for the re-establishment of each service for each Customer.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 1

Sheet No. 5 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
RESIDENTIAL SCHEDULE NO. 1

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.

Optional rates are or may become available for certain classes of Customers. Upon application for service or upon request the Company will assist the Customer in selecting the rate schedule best suited to the Customer's requirements, but Company does not guarantee that Customers will be served under the most favorable rate schedule. Upon written notification of any material changes in Customer's installation, load conditions, or use of service, Company will assist in determining if a change in rates is desirable, but not more than one such change in rates will be made within any twelve month period.

Electric space heating and water heating equipment and installation shall conform to the Company's requirements.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 2

Sheet No. 1 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
RESIDENTIAL SCHEDULE NO. 2 (FROZEN)

The Company's following Riders apply to this tariff: Adder Associated with MGC – Rider No. 1; Must-Run Generation – Rider No. 2; Transmission and Ancillary Services – Rider No. 3; Fixed CTC by Class – Rider No. 4; and Transmission Credit – Rider No. 5.

AVAILABILITY

This rate is limited to installations and Customers served under Rate No. 2 on the effective date of this tariff sheet.

APPLICABILITY

To separately metered single phase residential off-peak water heating service where general residential service is also provided under Rate No. 1. When service under Rate No. 2 is discontinued, the Company will either combine usage and bill under Rate No. 1 or modify the service entrance equipment so all service is supplied through the Rate No. 1 meter.

Not applicable to three phase service, resale, breakdown, standby, auxiliary, or any other service except off-peak water heating in accordance with the provisions of this rate schedule.

Where service other than water heating to which this rate is applicable has been taken hereunder, the regular rate for such service shall be applied on a monthly basis to all consumption billed hereunder during the previous twelve months less the aggregate of payments made hereunder for the same period of time. The regular rate shall continue to apply until the unauthorized service is permanently separated from the off-peak water heating service.

In the event that unauthorized usage on this rate occurs, the Company may require a credit deposit or similar guarantee to insure payment of future bills.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

Service may be controlled by the Company by disconnecting electricity during certain periods of the day not exceeding 8 hours in any 24-hour period, as determined by the Company from time to time.

RATES

A monthly net bill based on the following, as applicable, plus any adjustments incorporated in this Schedule:

Distribution - Primary

Applicability: Required for Direct Access Service.

Price of Service: \$0.019171 per kWh

Distribution - Secondary

(Applies to primary & secondary customers; a primary discount may apply to primary customers.)

Price of Service: \$0.007091 per kWh

Distribution - Customer Service Drop

Price of Service: \$3.603377 per customer month

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 2

Sheet No. 2 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
RESIDENTIAL SCHEDULE NO. 2 (FROZEN)

Fixed Must-Run

Applicability: Required for Direct Access Service.

See Must-Run Generation - Rider No. 2

Price of Service: \$0.004320 per kWh

Fixed CTC

Applicability: Required for Direct Access Service.

See Fixed CTC by Class - Rider No. 4

Price of Service: \$0.009300 per kWh

Floating CTC

Applicability: Required for Direct Access Service.

See Market Generation Credit (MGC) and Stranded Cost Recovery section of this Tariff.

Demand Side Management

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000617 per kWh

Customer Information and Lifeline Discount

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000684 per kWh

Uncollectible Accounts

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000133 per kWh

Meter Services

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Installation \$0.503195 per customer month

Maintenance \$0.100639 per customer month

Equipment \$0.402556 per customer month

Subtotal \$1.006389 per customer month

Meter Reading Services

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service: \$0.801807 per customer month

Billing and Collection

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service: \$2.518427 per customer month

Transmission - Group A: For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit -- Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, an estimated rate is shown below.

Energy-based rate for transmission: \$0.005629 per kWh

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 2Sheet No. 3 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
RESIDENTIAL SCHEDULE NO. 2 (FROZEN)

Transmission - Group B: For customers not in Group A.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rate is shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the transmission charges are as follows:

EHV	\$2.259000 per kW / Month
Non-EHV	\$0.757000 per kW / Month

Ancillary Services - Group A: For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit -- Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, estimated rates are shown below.

System Control & Dispatch	\$0.000079 per kWh
Reactive Supply and Voltage Control	\$0.000310 per kWh
Regulation and Frequency Response	\$0.000300 per kWh
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.000814 per kWh
Supplemental Reserve Service	\$0.000133 per kWh

Ancillary Services - Group B: For customers not in Group A.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rates are shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the charges are as follows:

System Control & Dispatch	\$0.041000 per kW / Month
Reactive Supply and Voltage Control	\$0.161000 per kW / Month
Regulation and Frequency Response	\$0.156000 per kW / Month
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.423000 per kW / Month
Supplemental Reserve Service	\$0.069000 per kW / Month

Notes:

- 1) A loss factor adjustment (5.4%) shall be made for Transmission and Ancillary Services.
- 2) Energy Imbalance Service currently charged pursuant to the Company's OATT, which is subject to change pursuant to AISA protocols.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 2

Sheet No. 4 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
RESIDENTIAL SCHEDULE NO. 2 (FROZEN)

ADDITIONAL NOTES

Summer billing months are May through October and winter billing months are November through April.

Demand-Side Management, Uncollectible Accounts, Customer Information and Lifeline Discount are collectively referred to as the System Benefit Charge (SBC).

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

See Must-Run Generation – Rider No. 2 for treatment of variable Must-Run Generation.

MARKET GENERATION CREDIT (MGC) and STRANDED COST RECOVERY

The floating CTC is used to recover a portion of stranded cost and is calculated using a MGC methodology. The MGC is determined quarterly, with such change set 45 days prior to each quarter, although the amount will vary month-to-month. The floating CTC equals the difference between the customer's bundled rate and the sum of the MGC, the Adder (pursuant to Adder Associated with MGC – Rider No. 1), and the unbundled charges for: a) distribution, b) transmission, c) meter services, d) meter reading services, e) billing and collection, f) demand-side management system benefits charge, g) customer information and life-line discount system benefits charge, h) uncollectible accounts, i) ancillary services (Transmission and Ancillary Services – Rider No. 3), j) fixed must-run generation (Must-Run Generation – Rider No. 2), and k) fixed CTC (Fixed CTC by Class – Rider No. 4). In a given quarter, the floating CTC can have a negative value, in which case the negative value will be credited to the customer's monthly bill.

The monthly MGC will be calculated using an on-peak component and an off-peak component and will be calculated in advance. The monthly on-peak component will be equal to a market price multiplied by the quantity of 1 plus the appropriate line loss (including UFE). The market price will be equal to the Palo Verde NYMEX futures price, except when adjusted for the variable cost of must-run generation. The off-peak component will be determined in the same manner as the on-peak component, except that the Palo Verde futures price will be adjusted by the ratio of off-peak to on-peak hourly prices from the California Power Exchange of the same month from the preceding year.

ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge of \$0.00004473 per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona (Applies to scheduling coordinators; not billed to end-use customers).

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 2

Sheet No. 5 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
RESIDENTIAL SCHEDULE NO. 2 (FROZEN)

RULES AND REGULATIONS

Service Connection Charges

1. There shall be a \$13.50 charge for the initial establishment of each new service for each Customer.
2. There shall be a \$13.50 charge for the re-establishment of each service for each Customer.

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.

Optional rates are or may become available for certain classes of Customers. Upon application for service or upon request the Company will assist the Customer in selecting the rate schedule best suited to the Customer's requirements, but Company does not guarantee that Customers will be served under the most favorable rate schedule. Upon written notification of any material changes in Customer's installation, load conditions, or use of service, Company will assist in determining if a change in rates is desirable, but not more than one such change in rates will be made within any twelve month period.

The electric water heating equipment and installation shall conform to the Company's requirements and be for normal domestic use. The heater shall be of the storage type and not less than 30-gallon capacity. For a water heater equipped with one heating element, the rating of the heating element shall not exceed 6000 watts. For a water heater equipped with more than one heating element, the rating of any such heating element shall not exceed 6000 watts, and, if the total of the ratings of the elements exceeds 6000 watts, they shall be thermostatically interlocked so that they cannot operate simultaneously and thereby exceed 6000 watts. The Customer shall provide the necessary wiring to permit the installation of the Company's metering and control equipment.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 4FSheet No. 1 of 1

Revision No. _____

Effective: _____

DIRECT ACCESS**RESIDENTIAL LIFELINE/SENIOR DISCOUNT RATE NO. 4 (FROZEN RATE)****AVAILABILITY**

In all territory served by Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the premises served. This program shall be available to new customers until the start of retail electric competition in the Company's service territory. Thereafter, this program shall be closed to new customers. Lifeline and Senior Lifeline programs shall be addressed under the Company's Rate No. 6 after the start of retail electric competition. Customers who subscribe to Rate No. 4 or 5 prior to the start of retail electric competition shall, at their option, be grandfathered under this program. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To electric service qualifying for billing under Residential Rate No. 01, Residential Time-of-Use Rate No. 21, or Residential Time-of-Use Rate No. 70, where the customer also has qualified for Rate No. 4 as specified in the Company's plan for administration. All provisions of Rate No. 01, Rate No. 21, or Rate No. 70 will apply except as modified herein. This discount is also available to tenants of master metered mobile home parks and apartments. The applicant must be 65 years of age, or older, to qualify.

MONTHLY BILL

The monthly bill shall be in accordance with the Rate No. 01, Rate No. 21, or Rate No. 70 schedule except:

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 - 300 kWh	35%
301 - 600 kWh	30%
601 - 1000 kWh	25%
1001 - 1500 kWh	15%
Over 1500 kWh	0%

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 5FSheet No. 1 of 1

Revision No. _____

Effective: _____

DIRECT ACCESS
RESIDENTIAL LIFELINE DISCOUNT RATE NO. 5 (FROZEN RATE)

AVAILABILITY

In all territory served by Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the premises served. This program shall be available to new customers until the start of retail electric competition in the Company's service territory. Thereafter, this program shall be closed to new customers. Lifeline and Senior Lifeline programs shall be addressed under the Company's Rate No. 6 after the start of retail electric competition. Customers who subscribe to Rate No. 4 or 5 prior to the start of retail electric competition shall, at their option, be grandfathered under this program. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To electric service qualifying for billing under Residential Rate No. 01, Residential Time-of-Use Rate No. 21, or Residential Time-of-Use Rate No. 70 where the customer also has qualified for Rate No. 5 as specified in the Company's plan for administration. All provisions of Rate No. 01, Rate No. 21, or Rate No. 70 will apply except as modified herein. This discount is also available to tenants of master metered mobile home parks and apartments.

MONTHLY BILL

The monthly bill shall be in accordance with the Rate No. 01, Rate No. 21, or Rate No. 70 schedule except:

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 - 300 kWh	25%
301 - 600 kWh	20%
601 - 1000 kWh	15%
Over 1000 kWh	0%

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 6

Sheet No. 1 of 1

Revision No. _____

Effective: _____

RESIDENTIAL LIFELINE DISCOUNT RATE NO. 6

AVAILABILITY

In all territory served by Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the premises served.

APPLICABILITY

To electric service qualifying for billing under Residential Rate No. 01, Residential Time-of-Use Rate No. 21, or Residential Time-of-Use Rate No. 70 where the customer also has qualified for Rate No. 5 as specified in the Company's plan for administration. All provisions of Rate No. 01, Rate No. 21, or Rate No. 70 will apply except as modified herein. This discount is also available to tenants of master metered mobile home parks and apartments.

MONTHLY BILL

The monthly bill shall be in accordance with the Rate No. 01, Rate No. 21, or Rate No. 70 schedule except that a discount of \$8.00 per month shall be applied. The minimum bill shall be the customer charge under Rate No. 01, Rate No. 21, or Rate No. 70 as applicable.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 10

Sheet No. 1 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
GENERAL SERVICE SCHEDULE NO. 10

The Company's following Riders apply to this tariff: Adder Associated with MGC – Rider No. 1; Must-Run Generation – Rider No. 2; Transmission and Ancillary Services – Rider No. 3; Fixed CTC by Class – Rider No. 4; and Transmission Credit – Rider No. 5.

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To all general power and lighting service unless otherwise addressed by specific rate schedules, when all energy is supplied at one point of delivery and through one metered service. Also applicable to ESA (special contract) customers who take direct access service after the expiration of their contracts.

Not applicable to resale, breakdown, standby, or auxiliary service.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATES - Single-Phase Service

A monthly net bill based on the following, as applicable, plus any adjustments incorporated in this Schedule:

Distribution - Primary

Applicability: Required for Direct Access Service.

Price of Service: \$0.014912 per kWh

Distribution - Secondary

(Applies to primary & secondary customers; a primary discount may apply to primary customers.)

Price of Service: \$0.006724 per kWh

Distribution - Customer Service Drop

Price of Service: \$0.139440 per customer month

Fixed Must-Run

Applicability: Required for Direct Access Service.

See Must-Run Generation - Rider No. 2

Price of Service: \$0.005140 per kWh

Fixed CTC

Applicability: Required for Direct Access Service.

See Fixed CTC by Class - Rider No. 4

Price of Service: \$0.011100 per kWh

Floating CTC

Applicability: Required for Direct Access Service.

See Market Generation Credit (MGC) and Stranded Cost Recovery section of this Tariff.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 10Sheet No. 2 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
GENERAL SERVICE SCHEDULE NO. 10

Demand Side Management

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000625 *per kWh***Customer Information and Lifeline Discount**

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000693 *per kWh***Uncollectible Accounts**

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000134 *per kWh***Meter Services**

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Installation \$1.206974 *per customer month*Maintenance \$0.241395 *per customer month*Equipment \$0.965579 *per customer month*Subtotal \$2.413948 *per customer month***Meter Reading Services**

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service: \$0.817837 *per customer month***Billing and Collection**

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service: \$2.568775 *per customer month***Transmission - Group A: For customers under 20 kW and not demand metered.**

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit -- Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, an estimated rate is shown below.

Energy-based rate for transmission: \$0.007367 *per kWh***Transmission - Group B: For customers not in Group A.**

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rate is shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the transmission charges are as follows:

EHV \$2.259000 *per kW / Month*Non-EHV \$0.757000 *per kW / Month*

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 10Sheet No. 3 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
GENERAL SERVICE SCHEDULE NO. 10

Ancillary Services - Group A: For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit – Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, estimated rates are shown below.

System Control & Dispatch	\$0.000103 per kWh
Reactive Supply and Voltage Control	\$0.000405 per kWh
Regulation and Frequency Response	\$0.000393 per kWh
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.001065 per kWh
Supplemental Reserve Service	\$0.000174 per kWh

Ancillary Services - Group B: For customers not in Group A.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rates are shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the charges are as follows:

System Control & Dispatch	\$0.041000 per kW / Month
Reactive Supply and Voltage Control	\$0.161000 per kW / Month
Regulation and Frequency Response	\$0.156000 per kW / Month
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.423000 per kW / Month
Supplemental Reserve Service	\$0.069000 per kW / Month

Notes:

- 1) A loss factor adjustment (5.4%) shall be made for Transmission and Ancillary Services.
- 2) Energy Imbalance Service currently charged pursuant to the Company's OATT, which is subject to change pursuant to AISA protocols.

RATES - Three Phase Service

Same as single-phase service, except three-phase service is subject to the following additional charges:

Distribution - Customer Service Drop \$1.00 per customer month**Meter Services**

Installation	\$0.81 per customer month
Maintenance	\$0.81 per customer month
<u>Equipment</u>	<u>\$4.88 per customer month</u>
Subtotal	\$6.50 per customer month

Total \$7.50 per customer month

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 10

Sheet No. 4 of 5

Revision No. _____

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DIRECT ACCESS
GENERAL SERVICE SCHEDULE NO. 10

ADDITIONAL NOTES

Summer billing months are May through October and winter billing months are November through April. Demand-Side Management, Uncollectible Accounts, Customer Information and Lifeline Discount are collectively referred to as the System Benefit Charge (SBC).

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

See Must-Run Generation – Rider No. 2 for treatment of variable Must-Run Generation.

MARKET GENERATION CREDIT (MGC) and STRANDED COST RECOVERY

The floating CTC is used to recover a portion of stranded cost and is calculated using a MGC methodology. The MGC is determined quarterly, with such change set 45 days prior to each quarter, although the amount will vary month-to-month. The floating CTC equals the difference between the customer's bundled rate and the sum of the MGC, the Adder (pursuant to Adder Associated with MGC – Rider No. 1), and the unbundled charges for: a) distribution, b) transmission, c) meter services, d) meter reading services, e) billing and collection, f) demand-side management system benefits charge, g) customer information and life-line discount system benefits charge, h) uncollectible accounts, i) ancillary services (Transmission and Ancillary Services – Rider No. 3), j) fixed must-run generation (Must-Run Generation – Rider No. 2), and k) fixed CTC (Fixed CTC by Class – Rider No. 4). In a given quarter, the floating CTC can have a negative value, in which case the negative value will be credited to the customer's monthly bill. For ESA customers who take direct access after the expiration of their contracts, the "customer's bundled rate" used in the calculation of the floating CTC will be the customer's ESA price as of May 1, 1999, (subject to any automatic escalation provisions contained in the ESA).

The monthly MGC will be calculated using an on-peak component and an off-peak component and will be calculated in advance. The monthly on-peak component will be equal to a market price multiplied by the quantity of 1 plus the appropriate line loss (including UFE). The market price will be equal to the Palo Verde NYMEX futures price, except when adjusted for the variable cost of must-run generation. The off-peak component will be determined in the same manner as the on-peak component, except that the Palo Verde futures price will be adjusted by the ratio of off-peak to on-peak hourly prices from the California Power Exchange of the same month from the preceding year.

ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge of \$0.00004473 per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona (Applies to scheduling coordinators; not billed to end-use customers).

ADJUSTMENT FOR TRANSFORMER OWNERSHIP AND METERING

1. When Company owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above schedule subject to a discount of 10.3¢ per kW per month of the demand each month.
2. When Customer owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above schedule subject to a discount of 20.6¢ per kW per month of the demand each month.
3. When Customer owns transformers and, at Company's option, energy is metered on secondary side of transformers, the demand shall be metered and the above schedule subject to a discount of 10.3¢ per kW per month of the demand each month.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 10

Sheet No. 5 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
GENERAL SERVICE SCHEDULE NO. 10

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

Service Connection Charges

1. There shall be a \$13.50 charge for the initial establishment of each new service for each Customer.
2. There shall be a \$13.50 charge for the re-establishment of each service for each Customer.

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.

The Company may require a written contract and a minimum term of contract.

Where the Customer's utilization equipment is operated on a fixed schedule and can be readily and efficiently inspected by the Company to verify its demand and/or kWh usage, the Company may supply unmetered service under this Rate Schedule upon the basis of the demand and/or kWh usage determined by the Company. The Company reserves the right at any time to meter service previously supplied on an unmetered basis. The Customer will be responsible for notifying the Company of any changes being made in the equipment connected to the system. The determined demand and/or kWh usage will be adjusted as equipment is changed.

Optional rates are or may become available for certain classes of Customers. Upon application for service or upon request the Company will assist the Customer in selecting the rate schedule best suited to the Customer's requirements, but Company does not guarantee that Customers will be served under the most favorable rate schedule. Upon written notification of any material changes in Customer's installation, load conditions, or use of service, Company will assist in determining if a change in rates is desirable, but not more than one such change in rates will be made within any twelve month period.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 11

Sheet No. 1 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
MOBILE HOME PARK SCHEDULE NO. 11

The Company's following Riders apply to this tariff: Adder Associated with MGC – Rider No. 1; Must-Run Generation – Rider No. 2; Transmission and Ancillary Services – Rider No. 3; and Fixed CTC by Class – Rider No. 4.

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To mobile home parks for service through a master meter to two or more mobile homes, provided each mobile home served through such master meter will be individually metered and billed by the park operator in accordance with applicable Orders of the Arizona Corporation Commission. Electric service to the park's facilities used by its residents may be supplied under this schedule only if such facilities are served through a master meter which serves two or more mobile homes.

Not applicable to resale, breakdown, standby, or auxiliary service.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATES - Single-Phase Service

A monthly net bill based on the following, as applicable, plus any adjustments incorporated in this Schedule:

Distribution - Primary

Applicability: Required for Direct Access Service.

Price of Service: \$0.016388 per kWh

Distribution - Secondary

(Applies to primary & secondary customers; a primary discount may apply to primary customers.)

Price of Service: \$0.007091 per kWh

Distribution - Customer Service Drop

Price of Service: \$2.410802 per customer month

Fixed Must-Run

Applicability: Required for Direct Access Service.

See Must-Run Generation - Rider No. 2

Price of Service: \$0.004320 per kWh

Fixed CTC

Applicability: Required for Direct Access Service.

See Fixed CTC by Class - Rider No. 4

Price of Service: \$0.009300 per kWh

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 11Sheet No. 2 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
MOBILE HOME PARK SCHEDULE NO. 11**Floating CTC**

Applicability: Required for Direct Access Service.

See Market Generation Credit (MGC) and Stranded Cost Recovery section of this Tariff.

Demand Side Management

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: *\$0.000617 per kWh***Customer Information and Lifeline Discount**

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: *\$0.000684 per kWh***Uncollectible Accounts**

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: *\$0.000133 per kWh***Meter Services**

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Installation	<i>\$3.265808 per customer month</i>
Maintenance	<i>\$0.653162 per customer month</i>
<u>Equipment</u>	<i><u>\$2.612647</u> per customer month</i>
Subtotal	<i>\$6.531617</i>

Meter Reading Services

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service: *\$0.829833 per customer month***Billing and Collection**

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service: *\$2.606455 per customer month***Transmission - Group A: For customers under 20 kW and not demand metered.**

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit – Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, an estimated rate is shown below.

Energy-based rate for transmission: *\$0.005629 per kWh***Transmission - Group B: For customers not in Group A.**

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rate is shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 11

Sheet No. 3 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
MOBILE HOME PARK SCHEDULE NO. 11

As of June 7, 1999, the transmission charges are as follows:

EHV	\$2.259000 <i>per kW / Month</i>
Non-EHV	\$0.757000 <i>per kW / Month</i>

Ancillary Services - Group A: For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit – Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, estimated rates are shown below.

System Control & Dispatch	\$0.000079 <i>per kWh</i>
Reactive Supply and Voltage Control	\$0.000310 <i>per kWh</i>
Regulation and Frequency Response	\$0.000300 <i>per kWh</i>
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.000814 <i>per kWh</i>
Supplemental Reserve Service	\$0.000133 <i>per kWh</i>

Ancillary Services - Group B: For customers not in Group A.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rates are shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the charges are as follows:

System Control & Dispatch	\$0.041000 <i>per kW / Month</i>
Reactive Supply and Voltage Control	\$0.161000 <i>per kW / Month</i>
Regulation and Frequency Response	\$0.156000 <i>per kW / Month</i>
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.423000 <i>per kW / Month</i>
Supplemental Reserve Service	\$0.069000 <i>per kW / Month</i>

Notes:

- 1) A loss factor adjustment (5.4%) shall be made for Transmission and Ancillary Services.
- 2) Energy Imbalance Service currently charged pursuant to the Company's OATT, which is subject to change pursuant to AISA protocols.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 11

Sheet No. 4 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
MOBILE HOME PARK SCHEDULE NO. 11

RATES - Three Phase Service

Same as single-phase service, except three-phase service is subject to the following additional charges:

Distribution - Customer Service Drop *\$1.00 per customer month*

Meter Services

Installation *\$0.81 per customer month*

Maintenance *\$0.81 per customer month*

Equipment *\$4.88 per customer month*

Subtotal *\$6.50 per customer month*

Total *\$7.50 per customer month*

ADDITIONAL NOTES

Summer billing months are May through October and winter billing months are November through April.

Demand-Side Management, Uncollectible Accounts, Customer Information and Lifeline Discount are collectively referred to as the System Benefit Charge (SBC).

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

See Must-Run Generation – Rider No. 2 for treatment of variable Must-Run Generation.

MARKET GENERATION CREDIT (MGC) and STRANDED COST RECOVERY

The floating CTC is used to recover a portion of stranded cost and is calculated using a MGC methodology. The MGC is determined quarterly, with such change set 45 days prior to each quarter, although the amount will vary month-to-month. The floating CTC equals the difference between the customer's bundled rate and the sum of the MGC, the Adder (pursuant to Adder Associated with MGC – Rider No. 1), and the unbundled charges for: a) distribution, b) transmission, c) meter services, d) meter reading services, e) billing and collection, f) demand-side management system benefits charge, g) customer information and life-line discount system benefits charge, h) uncollectible accounts, i) ancillary services (Transmission and Ancillary Services – Rider No. 3), j) fixed must-run generation (Must-Run Generation – Rider No. 2), and k) fixed CTC (Fixed CTC by Class – Rider No. 4). In a given quarter, the floating CTC can have a negative value, in which case the negative value will be credited to the customer's monthly bill.

The monthly MGC will be calculated using an on-peak component and an off-peak component and will be calculated in advance. The monthly on-peak component will be equal to a market price multiplied by the quantity of 1 plus the appropriate line loss (including UFE). The market price will be equal to the Palo Verde NYMEX futures price, except when adjusted for the variable cost of must-run generation. The off-peak component will be determined in the same manner as the on-peak component, except that the Palo Verde futures price will be adjusted by the ratio of off-peak to on-peak hourly prices from the California Power Exchange of the same month from the preceding year.

ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge of \$0.00004473 per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona (Applies to scheduling coordinators; not billed to end-use customers).

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 11

Sheet No. 5 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
MOBILE HOME PARK SCHEDULE NO. 11

ADJUSTMENT FOR TRANSFORMER OWNERSHIP AND METERING

1. When Company owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above schedule subject to a discount of 10.3¢ per kW per month of the demand each month.
2. When Customer owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above schedule subject to a discount of 20.6¢ per kW per month of the demand each month.
3. When Customer owns transformers and, at Company's option, energy is metered on secondary side of transformers, the demand shall be metered and the above schedule subject to a discount of 10.3¢ per kW per month of the demand each month.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

Service Connection Charges

1. There shall be a \$13.50 charge for the initial establishment of each new service for each Customer.
2. There shall be a \$13.50 charge for the re-establishment of each service for each Customer.

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.

The Company may require a written contract and a minimum term of contract.

Optional rates are or may become available for certain classes of Customers. Upon application for service or upon request the Company will assist the Customer in selecting the rate schedule best suited to the Customer's requirements, but Company does not guarantee that Customers will be served under the most favorable rate schedule. Upon written notification of any material changes in Customer's installation, load conditions, or use of service, Company will assist in determining if a change in rates is desirable, but not more than one such change in rates will be made within any twelve month period.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 13Sheet No. 1 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
LARGE GENERAL SERVICE SCHEDULE NO. 13

The Company's following Riders apply to this tariff: Adder Associated with MGC – Rider No. 1; Must-Run Generation – Rider No. 2; Transmission and Ancillary Services – Rider No. 3; Fixed CTC by Class – Rider No. 4; and Transmission Credit – Rider No. 5.

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To all general power and lighting service on an optional basis when all energy is supplied at one point of delivery and through one metered service. Customer shall contract for a demand of not less than 200 kW. Also applicable to ESA (special contract) customers who take direct access service after the expiration of their contracts.

Not applicable to resale, breakdown, standby, or auxiliary service.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATES

A monthly net bill based on the following, as applicable, plus any adjustments incorporated in this Schedule:

Distribution - Primary

Applicability: Required for Direct Access Service.

Distribution Primary

Minimum Charge up to 200 kW

\$163.420632 *per customer month*

Each additional kW over 200 kW

\$0.731442 *per kW*

Summer kWh

\$0.009043 *per kWh*

Winter kWh

\$0.008686 *per kWh*

Distribution - Secondary

(Applies to primary & secondary customers; a primary discount may apply to primary customers.)

Minimum Charge up to 200 kW

\$67.413741 *per customer month*

Each additional kW over 200 kW

\$0.301732 *per kW*

Summer kWh

\$0.002947 *per kWh*

Winter kWh

\$0.002799 *per kWh*

Distribution - Customer Service Drop

Price of Service:

\$203.915716 *per customer month*

Fixed Must-Run

Applicability: Required for Direct Access Service.

See Must-Run Generation - Rider No. 2

Price of Service:

\$0.003600 *per kWh*

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 13

Sheet No. 2 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
LARGE GENERAL SERVICE SCHEDULE NO. 13

Fixed CTC

Applicability: Required for Direct Access Service.

See Fixed CTC by Class - Rider No. 4

Price of Service: **\$0.007800 per kWh**

Floating CTC

Applicability: Required for Direct Access Service.

See Market Generation Credit (MGC) and Stranded Cost Recovery section of this Tariff.

Demand Side Management

Applicability: Required System Benefit Charge for Direct Access Service.

Minimum Charge up to 200 kW

\$10.564494 per customer month

Each additional kW over 200 kW

\$0.047285 per kW

Price of Service:

\$0.000451 per kWh

Customer Information and Lifeline Discount

Applicability: Required System Benefit Charge for Direct Access Service.

Minimum Charge up to 200 kW

\$11.712882 per customer month

Each additional kW over 200 kW

\$0.052425 per kW

Price of Service:

\$0.000499 per kWh

Uncollectible Accounts

Applicability: Required System Benefit Charge for Direct Access Service.

Minimum Charge up to 200 kW

\$2.270740 per customer month

Each additional kW over 200 kW

\$0.010163 per kW

Price of Service:

\$0.000097 per kWh

Meter Services

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Installation

\$1.500000 per customer month

Maintenance

\$1.500000 per customer month

Equipment

\$9.000000 per customer month

Subtotal

\$12.000000 per customer month

Meter Reading Services

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service:

\$1.000000 per customer month

Billing and Collection

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service:

\$5.000000 per customer month

Transmission

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rate is shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 13

Sheet No. 3 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
LARGE GENERAL SERVICE SCHEDULE NO. 13

As of June 7, 1999, the transmission charges are as follows:

EHV	\$2.259000 per kW / Month
Non-EHV	\$0.757000 per kW / Month

Ancillary Services

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rate is shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the charges are as follows:

System Control & Dispatch	\$0.041000 per kW / Month
Reactive Supply and Voltage Control	\$0.161000 per kW / Month
Regulation and Frequency Response	\$0.156000 per kW / Month
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.423000 per kW / Month
Supplemental Reserve Service	\$0.069000 per kW / Month

Notes

- 1) A loss factor adjustment (5.4%) shall be made for Transmission and Ancillary Services.
- 2) Energy Imbalance Service currently charged pursuant to the Company's OATT, which is subject to change pursuant to AISA protocols.

ADDITIONAL NOTES

Summer billing months are May through October and winter billing months are November through April. Demand-Side Management, Uncollectible Accounts, Customer Information and Lifeline Discount are collectively referred to as the System Benefit Charge (SBC).

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

See Must-Run Generation – Rider No. 2 for treatment of variable Must-Run Generation.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 13

Sheet No. 4 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
LARGE GENERAL SERVICE SCHEDULE NO. 13

MARKET GENERATION CREDIT (MGC) and STRANDED COST RECOVERY

The floating CTC is used to recover a portion of stranded cost and is calculated using a MGC methodology. The MGC is determined quarterly, with such change set 45 days prior to each quarter, although the amount will vary month-to-month. The floating CTC equals the difference between the customer's bundled rate and the sum of the MGC, the Adder (pursuant to Adder Associated with MGC – Rider No. 1), and the unbundled charges for: a) distribution, b) transmission, c) meter services, d) meter reading services, e) billing and collection, f) demand-side management system benefits charge, g) customer information and life-line discount system benefits charge, h) uncollectible accounts, i) ancillary services (Transmission and Ancillary Services – Rider No. 3), j) fixed must-run generation (Must-Run Generation – Rider No. 2), and k) fixed CTC (Fixed CTC by Class – Rider No. 4). In a given quarter, the floating CTC can have a negative value, in which case the negative value will be credited to the customer's monthly bill. For ESA customers who take direct access after the expiration of their contracts, the "customer's bundled rate" used in the calculation of the floating CTC will be the customer's ESA price as of May 1, 1999, (subject to any automatic escalation provisions contained in the ESA).

The monthly MGC will be calculated using an on-peak component and an off-peak component and will be calculated in advance. The monthly on-peak component will be equal to a market price multiplied by the quantity of 1 plus the appropriate line loss (including UFE). The market price will be equal to the Palo Verde NYMEX futures price, except when adjusted for the variable cost of must-run generation. The off-peak component will be determined in the same manner as the on-peak component, except that the Palo Verde futures price will be adjusted by the ratio of off-peak to on-peak hourly prices from the California Power Exchange of the same month from the preceding year.

ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge of \$0.00004473 per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona (Applies to scheduling coordinators; not billed to end-use customers).

BILLING DEMAND

The maximum 15 minute measured demand in the month, but not less than 50% of the maximum demand used for billing purposes in the preceding 11 months, nor less than 50% of the contract demand, nor less than 200 kW.

ADJUSTMENT FOR TRANSFORMER OWNERSHIP AND METERING

1. When Company owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above schedule subject to a discount of 10.3¢ per kW per month of the billing demand each month.
2. When Customer owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above schedule subject to a discount of 20.6¢ per kW per month of the billing demand each month.
3. When Customer owns transformers and, at Company's option, energy is metered on secondary side of transformers, the demand shall be metered and the above schedule subject to a discount of 10.3¢ per kW per month of the billing demand each month.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 13

Sheet No. 5 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
LARGE GENERAL SERVICE SCHEDULE NO. 13

RULES AND REGULATIONS

Service Connection Charges

1. There shall be a \$13.50 charge for the initial establishment of each new service for each Customer.
2. There shall be a \$13.50 charge for the re-establishment of each service for each Customer.

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.

The Company may require a written contract and a minimum term of contract.

Optional rates are or may become available for certain classes of Customers. Upon application for service or upon request the Company will assist the Customer in selecting the rate schedule best suited to the Customer's requirements, but Company does not guarantee that Customers will be served under the most favorable rate schedule. Upon written notification of any material changes in Customer's installation, load conditions, or use of service, Company will assist in determining if a change in rates is desirable, but not more than one such change in rates will be made within any twelve month period.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 14Sheet No. 1 of 4

Revision No. _____

Effective: _____

DIRECT ACCESS
LARGE LIGHT AND POWER SCHEDULE NO. 14

The Company's following Riders apply to this tariff: Adder Associated with MGC – Rider No. 1; Must-Run Generation – Rider No. 2; Transmission and Ancillary Services – Rider No. 3; Fixed CTC by Class – Rider No. 4; and Transmission Credit – Rider No. 5.

AVAILABILITY

Rate No. 14 shall be available for any Customer within the service territory of the Company if the Company has facilities of adequate capacity and a written contract, covering such matters as the Company and Customer shall deem appropriate.

Also applicable to ESA (special contract) customers who take direct access service after the expiration of their contracts.

CHARACTER OF SERVICE

Service shall be three phase, 60 Hertz, and shall be supplied directly from any 46,000 volt, or higher voltage, system through distribution facilities used exclusively to serve Rate 14 customers at a delivery voltage of not less than 2400/4160 volts and delivered at a single point of delivery unless otherwise specified in the contract.

RATES

A monthly net bill based on the following, as applicable, plus any adjustments incorporated in this Schedule:

Distribution - Primary

Applicability: Required for Direct Access Service.

Demand Charge	\$0.000000 per kW
Summer kWh	\$0.000000 per kWh
Winter kWh	\$0.000000 per kWh

Distribution - Secondary

(Applies to primary & secondary customers; a primary discount may apply to primary customers.)

Demand Charge	\$0.000000 per kW
Summer kWh	\$0.000000 per kWh
Winter kWh	\$0.000000 per kWh

Distribution - Customer Service Drop

Price of Service:	\$0.000000 per customer month
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Fixed Must-Run

Applicability: Required for Direct Access Service.

See Must-Run Generation - Rider No. 2

Price of Service:	\$0.002880 per kWh
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Fixed CTC

Applicability: Required for Direct Access Service.

See Fixed CTC by Class - Rider No. 4

Price of Service:	\$0.006200 per kWh
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Assumes 75% annual load factor

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 14Sheet No. 2 of 4

Revision No. _____

Effective: _____

DIRECT ACCESS
LARGE LIGHT AND POWER SCHEDULE NO. 14

Floating CTC

Applicability: Required for Direct Access Service.

See Market Generation Credit (MGC) and Stranded Cost Recovery section of this Tariff.

Demand Side Management

Applicability: Required System Benefit Charge for Direct Access Service.

Demand Charge

\$0.086905 *per kW*

For all kWh

\$0.000391 *per kWh***Customer Information and Lifeline Discount**

Applicability: Required System Benefit Charge for Direct Access Service.

Demand Charge

\$0.096351 *per kW*

For all kWh

\$0.000134 *per kWh***Uncollectible Accounts**

Applicability: Required System Benefit Charge for Direct Access Service.

Demand Charge

\$0.018679 *per kW*

For all kWh

\$0.000084 *per kWh***Meter Services**

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Installation

\$59.712326 *per customer month*

Maintenance

\$59.712326 *per customer month*Equipment\$477.698607 *per customer month*

Subtotal

\$597.123258 *per customer month***Meter Reading Services**

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service:

\$28.317738 *per customer month***Billing and Collection**

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service:

\$88.944306 *per customer month***Transmission**

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rate is shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the transmission charges are as follows:

EHV

\$2.259000 *per kW / Month*

Non-EHV

\$0.757000 *per kW / Month*

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 14

Sheet No. 3 of 4

Revision No. _____

Effective: _____

DIRECT ACCESS
LARGE LIGHT AND POWER SCHEDULE NO. 14

Ancillary Services

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rate is shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the charges are as follows:

System Control & Dispatch	\$0.041000 <i>per kW / Month</i>
Reactive Supply and Voltage Control	\$0.161000 <i>per kW / Month</i>
Regulation and Frequency Response	\$0.156000 <i>per kW / Month</i>
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.423000 <i>per kW / Month</i>
Supplemental Reserve Service	\$0.069000 <i>per kW / Month</i>

Notes:

- 1) A loss factor adjustment (5.4%) shall be made for Transmission and Ancillary Services.
- 2) Energy Imbalance Service currently charged pursuant to the Company's OATT, which is subject to change pursuant to AISA protocols.

ADDITIONAL NOTES

Summer billing months are May through October and winter billing months are November through April. Demand-Side Management, Uncollectible Accounts, Customer Information and Lifeline Discount are collectively referred to as the System Benefit Charge (SBC).

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

See Must-Run Generation – Rider No. 2 for treatment of variable Must-Run Generation.

MARKET GENERATION CREDIT (MGC) and STRANDED COST RECOVERY

The floating CTC is used to recover a portion of stranded cost and is calculated using a MGC methodology. The MGC is determined quarterly, with such change set 45 days prior to each quarter, although the amount will vary month-to-month. The floating CTC equals the difference between the customer's bundled rate and the sum of the MGC, the Adder (pursuant to Adder Associated with MGC – Rider No. 1), and the unbundled charges for: a) distribution, b) transmission, c) meter services, d) meter reading services, e) billing and collection, f) demand-side management system benefits charge, g) customer information and life-line discount system benefits charge, h) uncollectible accounts, i) ancillary services (Transmission and Ancillary Services – Rider No. 3), j) fixed must-run generation (Must-Run Generation – Rider No. 2), and k) fixed CTC (Fixed CTC by Class – Rider No. 4). In a given quarter, the floating CTC can have a negative value, in which case the negative value will be credited to the customer's monthly bill. For ESA customers who take direct access after the expiration of their contracts, the "customer's bundled rate" used in the calculation of the floating CTC will be the customer's ESA price as of May 1, 1999, (subject to any automatic escalation provisions contained in the ESA).

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 14

Sheet No. 4 of 4

Revision No. _____

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DIRECT ACCESS
LARGE LIGHT AND POWER SCHEDULE NO. 14

The monthly MGC will be calculated using an on-peak component and an off-peak component and will be calculated in advance. The monthly on-peak component will be equal to a market price multiplied by the quantity of 1 plus the appropriate line loss (including UFE). The market price will be equal to the Palo Verde NYMEX futures price, except when adjusted for the variable cost of must-run generation. The off-peak component will be determined in the same manner as the on-peak component, except that the Palo Verde futures price will be adjusted by the ratio of off-peak to on-peak hourly prices from the California Power Exchange of the same month from the preceding year.

ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge of \$0.00004473 per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona (Applies to scheduling coordinators; not billed to end-use customers).

BILLING DEMAND

The billing demand shall be specified in the contract, but shall not be less than 3,000 kW. Additionally, the billing demand shall not be less than 66.67% of the maximum billing demand in the preceding eleven (11) months, unless otherwise specified in the contract.

POWER FACTOR ADJUSTMENT

The above rate is subject to a discount or a charge of 1.3¢ per kW of billing demand for each 1% the average monthly power factor is above or below 90% lagging to a maximum discount of 13.0¢ per kW of billing demand per month.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 21

Sheet No. 1 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
RESIDENTIAL TIME-OF-USE SCHEDULE NO. 21 (FROZEN)

The Company's following Riders apply to this tariff: Adder Associated with MGC – Rider No. 1; Must-Run Generation – Rider No. 2; Transmission and Ancillary Services – Rider No. 3; Fixed CTC by Class – Rider No. 4; and Transmission Credit – Rider No. 5.

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises. Direct access to the meter during normal working hours is also a prerequisite for this rate schedule.

APPLICABILITY

To any Customer entitled to single phase service under Rate 01. Preference may be given to those Customers whose historic or expected annual usage exceeds 16,000 kWh. Service must be single phase residential electric service in individual private dwellings and individually metered multi-family units when all service is supplied at one point of delivery and energy is metered through one meter; however, controlled off-peak electric water heating may be metered separately.

Not applicable to three phase service, resale, breakdown, temporary, standby, or auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

The total number of Customers served under this Time-of-Use Rate Schedule is limited to 5,000. Service under this schedule will commence when the appropriate meter has been installed.* Customers must stay on this Rate Schedule for a minimum period of one (1) year.

The waiting list for service under this Time-of-Use Rate Schedule was frozen as of March 31, 1996.

As meters become available from the original group of 5,000, customers on the frozen waiting list will be offered service under this Rate Schedule in the order that they were placed on the waiting list.

Customers currently served under this Rate Schedule that change residences will not be allowed to receive service under this Rate Schedule at their new residence.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATES

A monthly net bill based on the following, as applicable, plus any adjustments incorporated in this Schedule:

Distribution - Primary

Applicability: Required for Direct Access Service.

Price of Service: \$0.019158 per kWh

Distribution - Secondary

(Applies to primary & secondary customers; a primary discount may apply to primary customers.)

Price of Service: \$0.007091 per kWh

Distribution - Customer Service Drop

Price of Service: \$0.603377 per customer month

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 21Sheet No. 2 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
RESIDENTIAL TIME-OF-USE SCHEDULE NO. 21 (FROZEN)

Fixed Must-Run

Applicability: Required for Direct Access Service.

See Must-Run Generation - Rider No. 2

Price of Service:

\$0.004320 *per kWh***Fixed CTC**

Applicability: Required for Direct Access Service.

See Fixed CTC by Class - Rider No. 4

Price of Service:

\$0.009300 *per kWh***Floating CTC**

Applicability: Required for Direct Access Service.

See Market Generation Credit (MGC) and Stranded Cost Recovery section of this Tariff.

Demand Side Management

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service:

\$0.000617 *per kWh***Customer Information and Lifeline Discount**

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service:

\$0.000684 *per kWh***Uncollectible Accounts**

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service:

\$0.000133 *per kWh***Meter Services**

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Installation

\$1.503195 *per customer month*

Maintenance

\$0.300639 *per customer month*Equipment\$1.202556 *per customer month*

Subtotal

\$3.006389 *per customer month***Meter Reading Services**

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service:

\$0.801807 *per customer month***Billing and Collection**

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service:

\$2.518427 *per customer month***Transmission - Group A: For customers under 20 kW and not demand metered.**

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit - Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, an estimated rate is shown below.

Energy-based rate for transmission:

\$0.005629 *per kWh*

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 21Sheet No. 3 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
RESIDENTIAL TIME-OF-USE SCHEDULE NO. 21 (FROZEN)

Transmission - Group B: For customers not in Group A.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rate is shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the transmission charges are as follows:

EHV	\$2.259000 per kW / Month
Non-EHV	\$0.757000 per kW / Month

Ancillary Services - Group A: For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit - Rider No. 5

will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups.

For illustrative purposes, estimated rates are shown below.

System Control & Dispatch	\$0.000079 per kWh
Reactive Supply and Voltage Control	\$0.000310 per kWh
Regulation and Frequency Response	\$0.000300 per kWh
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.000814 per kWh
Supplemental Reserve Service	\$0.000133 per kWh

Ancillary Services - Group B: For customers not in Group A.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rates are shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the charges are as follows:

System Control & Dispatch	\$0.041000 per kW / Month
Reactive Supply and Voltage Control	\$0.161000 per kW / Month
Regulation and Frequency Response	\$0.156000 per kW / Month
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.423000 per kW / Month
Supplemental Reserve Service	\$0.069000 per kW / Month

Notes:

- 1) A loss factor adjustment (5.4%) shall be made for Transmission and Ancillary Services.
- 2) Energy Imbalance Service currently charged pursuant to the Company's OATT, which is subject to change pursuant to AISA protocols.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 21

Sheet No. 4 of 5

Revision No. _____

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DIRECT ACCESS
RESIDENTIAL TIME-OF-USE SCHEDULE NO. 21 (FROZEN)

ADDITIONAL NOTES

Summer billing months are May through October and winter billing months are November through April. Demand-Side Management, Uncollectible Accounts, Customer Information and Lifeline Discount are collectively referred to as the System Benefit Charge (SBC).

During the summer season, the On-Peak period is 10:00 a.m. to 10:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). During the winter season, the On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

See Must-Run Generation – Rider No. 2 for treatment of variable Must-Run Generation.

MARKET GENERATION CREDIT (MGC) and STRANDED COST RECOVERY

The floating CTC is used to recover a portion of stranded cost and is calculated using a MGC methodology. The MGC is determined quarterly, with such change set 45 days prior to each quarter, although the amount will vary month-to-month. The floating CTC equals the difference between the customer's bundled rate and the sum of the MGC, the Adder (pursuant to Adder Associated with MGC – Rider No. 1), and the unbundled charges for: a) distribution, b) transmission, c) meter services, d) meter reading services, e) billing and collection, f) demand-side management system benefits charge, g) customer information and life-line discount system benefits charge, h) uncollectible accounts, i) ancillary services (Transmission and Ancillary Services – Rider No. 3), j) fixed must-run generation (Must-Run Generation – Rider No. 2), and k) fixed CTC (Fixed CTC by Class – Rider No. 4). In a given quarter, the floating CTC can have a negative value, in which case the negative value will be credited to the customer's monthly bill.

The monthly MGC will be calculated using an on-peak component and an off-peak component and will be calculated in advance. The monthly on-peak component will be equal to a market price multiplied by the quantity of 1 plus the appropriate line loss (including UFE). The market price will be equal to the Palo Verde NYMEX futures price, except when adjusted for the variable cost of must-run generation. The off-peak component will be determined in the same manner as the on-peak component, except that the Palo Verde futures price will be adjusted by the ratio of off-peak to on-peak hourly prices from the California Power Exchange of the same month from the preceding year.

ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge of \$0.00004473 per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona (Applies to scheduling coordinators; not billed to end-use customers).

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 21

Sheet No. 5 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
RESIDENTIAL TIME-OF-USE SCHEDULE NO. 21 (FROZEN)

RULES AND REGULATIONS

Service Connection Charges

1. There shall be a \$13.50 charge for the initial establishment of each new service for each Customer.
2. There shall be a \$13.50 charge for the re-establishment of each service for each Customer.

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.

Optional rates are or may become available for certain classes of Customers. Upon application for service or upon request the Company will assist the Customer in selecting the rate schedule best suited to the Customer's requirements, but Company does not guarantee that Customers will be served under the most favorable rate schedule. Upon written notification of any material changes in Customer's installation, load conditions, or use of service, Company will assist in determining if a change in rates is desirable, but not more than one such change in rates will be made within any twelve month period.

Electric space heating and water heating equipment and installation shall conform to the Company's requirements.

*This Rate Schedule requires a type of meter that is not normally used; therefore, the Company makes no guarantee that meters will be installed within any specific time. However, the Company will make its best effort to install the special meter within a reasonable time.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 31

Sheet No. 1 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
INTERRUPTIBLE AGRICULTURAL PUMPING SCHEDULE NO. 31

The Company's following Riders apply to this tariff: Adder Associated with MGC – Rider No. 1; Must-Run Generation – Rider No. 2; Transmission and Ancillary Services – Rider No. 3; Fixed CTC by Class – Rider No. 4; and Transmission Credit – Rider No. 5.

AVAILABILITY

Available for interruptible service to agricultural pumping customers throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

Applicable to separately metered interruptible agricultural water pumping service for irrigation purposes of the Customer only.

Not applicable to resale, breakdown, standby, auxiliary, or any other service except agricultural pumping in accordance with the provisions of this rate schedule.

CHARACTER OF SERVICE

Three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATES

A monthly net bill based on the following, as applicable, plus any adjustments incorporated in this Schedule:

Distribution - Primary

Applicability: Required for Direct Access Service.

Summer kWh

\$0.005723 *per kWh*

Winter kWh

\$0.005529 *per kWh*

Distribution - Secondary

(Applies to primary & secondary customers; a primary discount may apply to primary customers.)

Summer kWh

\$0.003186 *per kWh*

Winter kWh

\$0.003106 *per kWh*

Distribution - Customer Service Drop

Summer kWh

\$0.000310 *per kWh*

Winter kWh

\$0.000302 *per kWh*

Fixed Must-Run

Applicability: Required for Direct Access Service.

See Must-Run Generation - Rider No. 2

Price of Service:

\$0.005140 *per kWh*

Fixed CTC

Applicability: Required for Direct Access Service.

See Fixed CTC by Class - Rider No. 4

Price of Service:

\$0.011100 *per kWh*

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 31Sheet No. 2 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
INTERRUPTIBLE AGRICULTURAL PUMPING SCHEDULE NO. 31

Floating CTC

Applicability: Required for Direct Access Service.

See Market Generation Credit (MGC) and Stranded Cost Recovery section of this Tariff.

Demand Side Management

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000493 *per kWh***Customer Information and Lifeline Discount**

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000547 *per kWh***Uncollectible Accounts**

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000106 *per kWh***Meter Services**

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

InstallationSummer \$0.000199 *per kWh*Winter \$0.000194 *per kWh***Maintenance**Summer \$0.000040 *per kWh*Winter \$0.000039 *per kWh***Equipment**Summer \$0.000159 *per kWh*Winter \$0.000155 *per kWh***Meter Reading Services**

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Summer \$0.000089 *per kWh*Winter \$0.000087 *per kWh***Billing and Collection**

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Summer \$0.000332 *per kWh*Winter \$0.000324 *per kWh***Transmission - Group A: For customers under 20 kW and not demand metered.**

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit – Rider No. 5

will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based

on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups.

For illustrative purposes, an estimated rate is shown below.

Energy-based rate for transmission: \$0.007367 *per kWh*

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 31Sheet No. 3 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
INTERRUPTIBLE AGRICULTURAL PUMPING SCHEDULE NO. 31

Transmission - Group B: For customers not in Group A.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rate is shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the transmission charges are as follows:

EHV	\$2.259000 per kW / Month
Non-EHV	\$0.757000 per kW / Month

Ancillary Services - Group A: For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit -- Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups.

For illustrative purposes, estimated rates are shown below.

System Control & Dispatch	\$0.000103 per kWh
Reactive Supply and Voltage Control	\$0.000405 per kWh
Regulation and Frequency Response	\$0.000393 per kWh
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.001065 per kWh
Supplemental Reserve Service	\$0.000174 per kWh

Ancillary Services - Group B: For customers not in Group A.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rates are shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the charges are as follows:

System Control & Dispatch	\$0.041000 per kW / Month
Reactive Supply and Voltage Control	\$0.161000 per kW / Month
Regulation and Frequency Response	\$0.156000 per kW / Month
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.423000 per kW / Month
Supplemental Reserve Service	\$0.069000 per kW / Month

Notes

- 1) A loss factor adjustment (5.4%) shall be made for Transmission and Ancillary Services.
- 2) Energy Imbalance Service currently charged pursuant to the Company's OATT, which is subject to change pursuant to AISA protocols.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 31

Sheet No. 4 of 5

Revision No. _____

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DIRECT ACCESS
INTERRUPTIBLE AGRICULTURAL PUMPING SCHEDULE NO. 31

DETERMINATION OF HORSEPOWER FOR BILLING

Horsepower connected shall be the manufacturer's nameplate rating of all equipment of Customer connected for service under this schedule, but not less than 60 hp.

ADDITIONAL NOTES

Summer billing months are May through October and winter billing months are November through April. Demand-Side Management, Uncollectible Accounts, Customer Information and Lifeline Discount are collectively referred to as the System Benefit Charge (SBC).

Minimum Bill - The Customer guarantees that its load shall be sufficient such that a summation of all the above payments shall be not less than \$30.00 per hp connected and in no event less than \$1,800.00.

Minimum payments at the rate of \$2.50 per hp of motors connected, but not less than \$150.00 shall be made monthly. If during the contract year (which shall be from April 1 to March 31 of the following year) the total payments exceed the annual guarantee of \$30.00 per hp connected but not less than \$1,800.00, then the Customer shall be credited the difference between the amount actually paid during the contract year and the amount which would have been paid had the monthly minimum charge not been applied.

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

See Must-Run Generation – Rider No. 2 for treatment of variable Must-Run Generation.

MARKET GENERATION CREDIT (MGC) and STRANDED COST RECOVERY

The floating CTC is used to recover a portion of stranded cost and is calculated using a MGC methodology. The MGC is determined quarterly, with such change set 45 days prior to each quarter, although the amount will vary month-to-month. The floating CTC equals the difference between the customer's bundled rate and the sum of the MGC, the Adder (pursuant to Adder Associated with MGC – Rider No. 1), and the unbundled charges for: a) distribution, b) transmission, c) meter services, d) meter reading services, e) billing and collection, f) demand-side management system benefits charge, g) customer information and life-line discount system benefits charge, h) uncollectible accounts, i) ancillary services (Transmission and Ancillary Services – Rider No. 3), j) fixed must-run generation (Must-Run Generation – Rider No. 2), and k) fixed CTC (Fixed CTC by Class – Rider No. 4). In a given quarter, the floating CTC can have a negative value, in which case the negative value will be credited to the customer's monthly bill.

The monthly MGC will be calculated using an on-peak component and an off-peak component and will be calculated in advance. The monthly on-peak component will be equal to a market price multiplied by the quantity of 1 plus the appropriate line loss (including UFE). The market price will be equal to the Palo Verde NYMEX futures price, except when adjusted for the variable cost of must-run generation. The off-peak component will be determined in the same manner as the on-peak component, except that the Palo Verde futures price will be adjusted by the ratio of off-peak to on-peak hourly prices from the California Power Exchange of the same month from the preceding year.

ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge of \$0.00004473 per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona (Applies to scheduling coordinators; not billed to end-use customers).

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 31

Sheet No. 5 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
INTERRUPTIBLE AGRICULTURAL PUMPING SCHEDULE NO. 31

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

TERMS AND CONDITIONS OF SERVICE

1. Customer must furnish, install, own, and maintain at each point of delivery all necessary Company approved equipment which will enable the Company to interrupt service with its master control station.
2. Service may be interrupted by Company during certain periods of the day not exceeding six hours in any 24-hour period.
3. Company will endeavor to give customer one hour notice of impending interruption; however, service may be interrupted without notice should Company deem such action necessary.
4. Where service other than agricultural pumping to which this rate is applicable has been taken hereunder, the general service rate shall be applied on a monthly basis to all usage billed hereunder during the previous twelve months less the aggregate of payments made hereunder for the same period of time. The general service rate shall continue to apply until the unauthorized service is permanently separated from the agricultural pumping service.
5. Company shall not be liable for any loss or damage caused by or resulting from any interruption of service.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.

The Company may require a written contract.

Optional rates are or may become available for certain classes of Customers. Upon application for service or upon request the Company will assist the Customer in selecting the rate schedule best suited to the Customer's requirements, but Company does not guarantee that Customers will be served under the most favorable rate schedule. Upon written notification of any material changes in Customer's installation, load conditions, or use of service, Company will assist in determining if a change in rates is desirable, but not more than one such change in rates will be made within any twelve month period.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 40Sheet No. 1 of 4

Revision No. _____

Effective: _____

DIRECT ACCESS
MUNICIPAL SERVICE SCHEDULE NO. 40

The Company's following Riders apply to this tariff: Adder Associated with MGC – Rider No. 1; Must-Run Generation – Rider No. 2; Transmission and Ancillary Services – Rider No. 3; Fixed CTC by Class – Rider No. 4; and Transmission Credit – Rider No. 5.

AVAILABILITY

Available for Municipal Service where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

Applicable for service to the City of Tucson and City of South Tucson for Municipal buildings and grounds.

Not applicable to resale, breakdown, standby, or auxiliary service or to buildings used for residential purposes.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, at secondary voltage and subject to availability at point of delivery approved by the Company.

RATES

A monthly net bill based on the following, as applicable, plus any adjustments incorporated in this Schedule:

Distribution - Primary

Applicability: Required for Direct Access Service.

Summer kWh

\$0.007918 *per kWh*

Winter kWh

\$0.007412 *per kWh*

Distribution - Secondary

(Applies to primary & secondary customers; a primary discount may apply to primary customers.)

Summer kWh

\$0.004194 *per kWh*

Winter kWh

\$0.003984 *per kWh*

Distribution - Customer Service Drop

Summer kWh

\$0.000169 *per kWh*

Winter kWh

\$0.000160 *per kWh*

Fixed Must-Run

Applicability: Required for Direct Access Service.

See Must-Run Generation - Rider No. 2

Price of Service:

\$0.005140 *per kWh*

Fixed CTC

Applicability: Required for Direct Access Service.

See Fixed CTC by Class - Rider No. 4

Price of Service:

\$0.011100 *per kWh*

Floating CTC

Applicability: Required for Direct Access Service.

See Market Generation Credit (MGC) and Stranded Cost Recovery section of this Tariff.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 40Sheet No. 2 of 4

Revision No. _____

Effective: _____

DIRECT ACCESS
MUNICIPAL SERVICE SCHEDULE NO. 40**Demand Side Management**

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000655 *per kWh***Customer Information and Lifeline Discount**

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000726 *per kWh***Uncollectible Accounts**

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000141 *per kWh***Meter Services**

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

InstallationSummer \$0.000302 *per kWh*Winter \$0.000287 *per kWh***Maintenance**Summer \$0.000060 *per kWh*Winter \$0.000057 *per kWh***Equipment**Summer \$0.000242 *per kWh*Winter \$0.000229 *per kWh***Meter Reading Services**

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Summer \$0.000036 *per kWh*Winter \$0.000034 *per kWh***Billing and Collection**

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Summer \$0.000112 *per kWh*Winter \$0.000106 *per kWh***Transmission - Group A: For customers under 20 kW and not demand metered.**

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit – Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, an estimated rate is shown below.

Energy-based rate for transmission: \$0.007367 *per kWh*

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 40Sheet No. 3 of 4

Revision No. _____

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DIRECT ACCESS
MUNICIPAL SERVICE SCHEDULE NO. 40**Transmission - Group B: For customers not in Group A.**

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rate is shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the transmission charges are as follows:

EHV	\$2.259000 <i>per kW / Month</i>
Non-EHV	\$0.757000 <i>per kW / Month</i>

Ancillary Services - Group A: For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit – Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, estimated rates are shown below.

System Control & Dispatch	\$0.000103 <i>per kWh</i>
Reactive Supply and Voltage Control	\$0.000405 <i>per kWh</i>
Regulation and Frequency Response	\$0.000393 <i>per kWh</i>
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.001065 <i>per kWh</i>
Supplemental Reserve Service	\$0.000174 <i>per kWh</i>

Ancillary Services - Group B: For customers not in Group A.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rates are shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the charges are as follows:

System Control & Dispatch	\$0.041000 <i>per kW / Month</i>
Reactive Supply and Voltage Control	\$0.161000 <i>per kW / Month</i>
Regulation and Frequency Response	\$0.156000 <i>per kW / Month</i>
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.423000 <i>per kW / Month</i>
Supplemental Reserve Service	\$0.069000 <i>per kW / Month</i>

Notes

- 1) A loss factor adjustment (5.4%) shall be made for Transmission and Ancillary Services.
- 2) Energy Imbalance Service currently charged pursuant to the Company's OATT, which is subject to change pursuant to AISA protocols.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 40

Sheet No. 4 of 4

Revision No. _____

Effective: _____

DIRECT ACCESS
MUNICIPAL SERVICE SCHEDULE NO. 40

ADDITIONAL NOTES

Summer billing months are May through October and winter billing months are November through April.

Demand-Side Management, Uncollectible Accounts, Customer Information and Lifeline Discount are collectively referred to as the System Benefit Charge (SBC).

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

See Must-Run Generation – Rider No. 2 for treatment of variable Must-Run Generation.

MARKET GENERATION CREDIT (MGC) and STRANDED COST RECOVERY

The floating CTC is used to recover a portion of stranded cost and is calculated using a MGC methodology. The MGC is determined quarterly, with such change set 45 days prior to each quarter, although the amount will vary month-to-month. The floating CTC equals the difference between the customer's bundled rate and the sum of the MGC, the Adder (pursuant to Adder Associated with MGC – Rider No. 1), and the unbundled charges for: a) distribution, b) transmission, c) meter services, d) meter reading services, e) billing and collection, f) demand-side management system benefits charge, g) customer information and life-line discount system benefits charge, h) uncollectible accounts, i) ancillary services (Transmission and Ancillary Services – Rider No. 3), j) fixed must-run generation (Must-Run Generation – Rider No. 2), and k) fixed CTC (Fixed CTC by Class – Rider No. 4). In a given quarter, the floating CTC can have a negative value, in which case the negative value will be credited to the customer's monthly bill.

The monthly MGC will be calculated using an on-peak component and an off-peak component and will be calculated in advance. The monthly on-peak component will be equal to a market price multiplied by the quantity of 1 plus the appropriate line loss (including UFE). The market price will be equal to the Palo Verde NYMEX futures price, except when adjusted for the variable cost of must-run generation. The off-peak component will be determined in the same manner as the on-peak component, except that the Palo Verde futures price will be adjusted by the ratio of off-peak to on-peak hourly prices from the California Power Exchange of the same month from the preceding year.

ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge of \$0.00004473 per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona (Applies to scheduling coordinators; not billed to end-use customers).

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.

The Company may require a written contract.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 41

Sheet No. 1 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
TRAFFIC SIGNAL AND STREET LIGHTING SCHEDULE NO. 41

The Company's following Riders apply to this tariff: Adder Associated with MGC – Rider No. 1; Must-Run Generation – Rider No. 2; Transmission and Ancillary Services – Rider No. 3; Fixed CTC by Class – Rider No. 4; and Transmission Credit – Rider No. 5.

AVAILABILITY

Available for service to the State, a county, city, town, political subdivision, improvement district, or a responsible person or persons for unincorporated communities for Traffic Signal and Street Lighting purposes where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

Applicable to Customer owned and maintained traffic signals and public street and highway lighting.

Not applicable to resale, breakdown, standby, or auxiliary service.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery approved by the Company.

RATES

A monthly net bill based on the following, as applicable, plus any adjustments incorporated in this Schedule:

Distribution - Primary

Applicability: Required for Direct Access Service.

Price of Service: \$0.022451 per kWh

Distribution - Secondary

(Applies to primary & secondary customers; a primary discount may apply to primary customers.)

Price of Service: \$0.009475 per kWh

Distribution - Customer Service Drop

Price of Service: \$0.004364 per kWh

Fixed Must-Run

Applicability: Required for Direct Access Service.

See Must-Run Generation - Rider No. 2

Price of Service: \$0.004320 per kWh

Fixed CTC

Applicability: Required for Direct Access Service.

See Fixed CTC by Class - Rider No. 4

Price of Service: \$0.009300 per kWh

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 41

Sheet No. 2 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
TRAFFIC SIGNAL AND STREET LIGHTING SCHEDULE NO. 41

Floating CTC

Applicability: Required for Direct Access Service.

See Market Generation Credit (MGC) and Stranded Cost Recovery section of this Tariff.

Demand Side Management

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000510 per kWh

Customer Information and Lifeline Discount

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000566 per kWh

Uncollectible Accounts

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000110 per kWh

Meter Services

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Installation \$0.000000 per kWh

Maintenance \$0.000000 per kWh

Equipment \$0.000000 per kWh

Subtotal \$0.000000 per kWh

Meter Reading Services

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service: \$0.000000 per kWh

Billing and Collection

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service: \$0.001090 per kWh

Transmission - Group A: For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit – Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, an estimated rate is shown below.

Energy-based rate for transmission: \$0.002901 per kWh

Transmission - Group B: For customers not in Group A.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rate is shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 41

Sheet No. 3 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
TRAFFIC SIGNAL AND STREET LIGHTING SCHEDULE NO. 41

As of June 7, 1999, the transmission charges are as follows:

EHV	\$2.259000 <i>per kW / Month</i>
Non-EHV	\$0.757000 <i>per kW / Month</i>

Ancillary Services - Group A: For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit – Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, estimated rates are shown below.

System Control & Dispatch	\$0.000103 <i>per kWh</i>
Reactive Supply and Voltage Control	\$0.000405 <i>per kWh</i>
Regulation and Frequency Response	\$0.000393 <i>per kWh</i>
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.001065 <i>per kWh</i>
Supplemental Reserve Service	\$0.000174 <i>per kWh</i>

Ancillary Services - Group B: For customers not in Group A.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rates are shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the charges are as follows:

System Control & Dispatch	\$0.041000 <i>per kW / Month</i>
Reactive Supply and Voltage Control	\$0.161000 <i>per kW / Month</i>
Regulation and Frequency Response	\$0.156000 <i>per kW / Month</i>
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.423000 <i>per kW / Month</i>
Supplemental Reserve Service	\$0.069000 <i>per kW / Month</i>

Notes:

- 1) A loss factor adjustment (5.4%) shall be made for Transmission and Ancillary Services.
- 2) Energy Imbalance Service currently charged pursuant to the Company's OATT, which is subject to change pursuant to AISA protocols.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 41

Sheet No. 4 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
TRAFFIC SIGNAL AND STREET LIGHTING SCHEDULE NO. 41

ADDITIONAL NOTES

Demand-Side Management, Uncollectible Accounts, Customer Information and Lifeline Discount are collectively referred to as the System Benefit Charge (SBC).

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

See Must-Run Generation – Rider No. 2 for treatment of variable Must-Run Generation.

MARKET GENERATION CREDIT (MGC) and STRANDED COST RECOVERY

The floating CTC is used to recover a portion of stranded cost and is calculated using a MGC methodology. The MGC is determined quarterly, with such change set 45 days prior to each quarter, although the amount will vary month-to-month. The floating CTC equals the difference between the customer's bundled rate and the sum of the MGC, the Adder (pursuant to Adder Associated with MGC – Rider No. 1), and the unbundled charges for: a) distribution, b) transmission, c) meter services, d) meter reading services, e) billing and collection, f) demand-side management system benefits charge, g) customer information and life-line discount system benefits charge, h) uncollectible accounts, i) ancillary services (Transmission and Ancillary Services – Rider No. 3), j) fixed must-run generation (Must-Run Generation – Rider No. 2), and k) fixed CTC (Fixed CTC by Class – Rider No. 4). In a given quarter, the floating CTC can have a negative value, in which case the negative value will be credited to the customer's monthly bill.

The monthly MGC will be calculated using an on-peak component and an off-peak component and will be calculated in advance. The monthly on-peak component will be equal to a market price multiplied by the quantity of 1 plus the appropriate line loss (including UFE). The market price will be equal to the Palo Verde NYMEX futures price, except when adjusted for the variable cost of must-run generation. The off-peak component will be determined in the same manner as the on-peak component, except that the Palo Verde futures price will be adjusted by the ratio of off-peak to on-peak hourly prices from the California Power Exchange of the same month from the preceding year.

ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge of \$0.00004473 per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona (Applies to scheduling coordinators; not billed to end-use customers).

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.

The Company may require a written contract.

Where the Customer's utilization equipment is operated on a fixed schedule and can be readily and efficiently inspected by the Company to verify its demand and/or kWh usage, the Company may supply unmetered service under this Rate Schedule upon the basis of the demand

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 41

Sheet No. 5 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
TRAFFIC SIGNAL AND STREET LIGHTING SCHEDULE NO. 41

and/or kWh usage determined by the Company. The Company reserves the right at any time to meter service previously supplied on an unmetered basis. The Customer will be responsible for notifying the Company of any changes being made in the equipment connected to the system. The determined demand and/or kWh usage will be adjusted as equipment is changed.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 43

Sheet No. 1 of 7

Revision No. _____

Effective: _____

DIRECT ACCESS
MUNICIPAL WATER PUMPING SCHEDULE NO. 43

The Company's following Riders apply to this tariff: Adder Associated with MGC – Rider No. 1; Must-Run Generation – Rider No. 2; Transmission and Ancillary Services – Rider No. 3; Fixed CTC by Class – Rider No. 4; and Transmission Credit – Rider No. 5.

AVAILABILITY

Available for service to the City of Tucson Water Utility and private water Companies where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

Applicable for service to booster stations and wells used for domestic water supply.

Not applicable to resale, breakdown, standby, or auxiliary service.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as elected by Customer and subject to availability at point of delivery approved by the Company. Primary metering may be used by mutual agreement.

RATES - Firm Service

A monthly net bill based on the following, as applicable, plus any adjustments incorporated in this Schedule:

Distribution - Primary

Applicability: Required for Direct Access Service.

Summer kWh \$0.004758 per kWh

Winter kWh \$0.004410 per kWh

Distribution - Secondary

(Applies to primary & secondary customers; a primary discount may apply to primary customers.)

Summer kWh \$0.002884 per kWh

Winter kWh \$0.002740 per kWh

Distribution - Customer Service Drop

Summer kWh \$0.000154 per kWh

Winter kWh \$0.000146 per kWh

Fixed Must-Run

Applicability: Required for Direct Access Service.

See Must-Run Generation - Rider No. 2

Price of Service: \$0.005140 per kWh

Fixed CTC

Applicability: Required for Direct Access Service.

See Fixed CTC by Class - Rider No. 4

Price of Service: \$0.011100 per kWh

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 43Sheet No. 2 of 7

Revision No. _____

Effective: _____

DIRECT ACCESS
MUNICIPAL WATER PUMPING SCHEDULE NO. 43

Floating CTC

Applicability: Required for Direct Access Service.

See Market Generation Credit (MGC) and Stranded Cost Recovery section of this Tariff.

Demand Side Management

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000597 *per kWh***Customer Information and Lifeline Discount**

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000661 *per kWh***Uncollectible Accounts**

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000128 *per kWh***Meter Services**

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

InstallationSummer \$0.000275 *per kWh*Winter \$0.000262 *per kWh***Maintenance**Summer \$0.000055 *per kWh*Winter \$0.000052 *per kWh***Equipment**Summer \$0.000220 *per kWh*Winter \$0.000209 *per kWh***Meter Reading Services**

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Summer \$0.000033 *per kWh*Winter \$0.000031 *per kWh***Billing and Collection**

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Summer \$0.000102 *per kWh*Winter \$0.000097 *per kWh***Transmission - Group A: For customers under 20 kW and not demand metered.**

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit – Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, an estimated rate is shown below.

Energy-based rate for transmission: \$0.007367 *per kWh*

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 43Sheet No. 3 of 7

Revision No. _____

Effective: _____

DIRECT ACCESS
MUNICIPAL WATER PUMPING SCHEDULE NO. 43

Transmission - Group B: For customers not in Group A.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rate is shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the transmission charges are as follows:

EHV	\$2.259000 per kW / Month
Non-EHV	\$0.757000 per kW / Month

Ancillary Services - Group A: For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit — Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, estimated rates are shown below.

System Control & Dispatch	\$0.000103 per kWh
Reactive Supply and Voltage Control	\$0.000405 per kWh
Regulation and Frequency Response	\$0.000393 per kWh
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.001065 per kWh
Supplemental Reserve Service	\$0.000174 per kWh

Ancillary Services - Group B: For customers not in Group A.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rates are shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the charges are as follows:

System Control & Dispatch	\$0.041000 per kW / Month
Reactive Supply and Voltage Control	\$0.161000 per kW / Month
Regulation and Frequency Response	\$0.156000 per kW / Month
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.423000 per kW / Month
Supplemental Reserve Service	\$0.069000 per kW / Month

Notes:

- 1) A loss factor adjustment (5.4%) shall be made for Transmission and Ancillary Services.
- 2) Energy Imbalance Service currently charged pursuant to the Company's OATT, which is subject to change pursuant to AISA protocols.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 43

Sheet No. 4 of 7

Revision No. _____

Effective: _____

DIRECT ACCESS
MUNICIPAL WATER PUMPING SCHEDULE NO. 43

RATES - Interruptible Service:

Distribution - Primary

Applicability: Required for Direct Access Service.

Summer kWh

\$0.004884 *per kWh*

Winter kWh

\$0.004706 *per kWh*

Distribution - Secondary

(Applies to primary & secondary customers; a primary discount may apply to primary customers.)

Summer kWh

\$0.002936 *per kWh*

Winter kWh

\$0.002862 *per kWh*

Distribution - Customer Service Drop

Summer kWh

\$0.000157 *per kWh*

Winter kWh

\$0.000153 *per kWh*

Fixed Must-Run

Applicability: Required for Direct Access Service.

See Must-Run Generation - Rider No. 2

Price of Service:

\$0.005140 *per kWh*

Fixed CTC

Applicability: Required for Direct Access Service.

See Fixed CTC by Class - Rider No. 4

Price of Service:

\$0.011100 *per kWh*

Floating CTC

Applicability: Required for Direct Access Service.

See Market Generation Credit (MGC) and Stranded Cost Recovery section of this Tariff.

Demand Side Management

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service:

\$0.000615 *per kWh*

Customer Information and Lifeline Discount

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service:

\$0.000682 *per kWh*

Uncollectible Accounts

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service:

\$0.000132 *per kWh*

Meter Services

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Installation

Summer

\$0.000280 *per kWh*

Winter

\$0.000273 *per kWh*

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 43Sheet No. 5 of 7

Revision No. _____

Effective: _____

DIRECT ACCESS
MUNICIPAL WATER PUMPING SCHEDULE NO. 43

MaintenanceSummer \$0.000056 *per kWh*Winter \$0.000055 *per kWh***Equipment**Summer \$0.000224 *per kWh*Winter \$0.000219 *per kWh***Meter Reading Services**

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Summer \$0.000033 *per kWh*Winter \$0.000032 *per kWh***Billing and Collection**

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Summer \$0.000104 *per kWh*Winter \$0.000101 *per kWh***Transmission - Group A: For customers under 20 kW and not demand metered.**

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit – Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, an estimated rate is shown below.

Energy-based rate for transmission: \$0.007367 *per kWh***Transmission - Group B: For customers not in Group A.**

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rate is shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the transmission charges are as follows:

EHV \$2.259000 *per kW / Month*Non-EHV \$0.757000 *per kW / Month***Ancillary Services - Group A: For customers under 20 kW and not demand metered.**

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit – Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, estimated rates are shown below.

System Control & Dispatch \$0.000103 *per kWh*Reactive Supply and Voltage Control \$0.000405 *per kWh*

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 43Sheet No. 6 of 7

Revision No. _____

Effective: _____

DIRECT ACCESS
MUNICIPAL WATER PUMPING SCHEDULE NO. 43

Regulation and Frequency Response	\$0.000393 <i>per kWh</i>
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.001065 <i>per kWh</i>
Supplemental Reserve Service	\$0.000174 <i>per kWh</i>

Ancillary Services - Group B: For customers not in Group A.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rates are shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the charges are as follows:

System Control & Dispatch	\$0.041000 <i>per kW / Month</i>
Reactive Supply and Voltage Control	\$0.161000 <i>per kW / Month</i>
Regulation and Frequency Response	\$0.156000 <i>per kW / Month</i>
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.423000 <i>per kW / Month</i>
Supplemental Reserve Service	\$0.069000 <i>per kW / Month</i>

Notes

- 1) A loss factor adjustment (5.4%) shall be made for Transmission and Ancillary Services.
- 2) Energy Imbalance Service currently charged pursuant to the Company's OATT, which is subject to change pursuant to AISA protocols.

PRIMARY VOLTAGE DISCOUNT

A discount of 5% will be allowed from the above rates where Customer owns the transformers and service is metered at primary voltage.

ADDITIONAL NOTES

Summer billing months are May through October and winter billing months are November through April. Demand-Side Management, Uncollectible Accounts, Customer Information and Lifeline Discount are collectively referred to as the System Benefit Charge (SBC).

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

See Must-Run Generation – Rider No. 2 for treatment of variable Must-Run Generation.

MARKET GENERATION CREDIT (MGC) and STRANDED COST RECOVERY

The floating CTC is used to recover a portion of stranded cost and is calculated using a MGC methodology. The MGC is determined quarterly, with such change set 45 days prior to each quarter, although the amount will vary month-to-month. The floating CTC equals the difference between the customer's bundled rate and the sum of the MGC, the Adder (pursuant to Adder Associated with MGC – Rider No. 1), and the unbundled charges for: a) distribution, b) transmission, c) meter services, d) meter reading services, e) billing and collection, f) demand-side management system benefits charge, g) customer information and life-line discount system benefits charge, h) uncollectible

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 43
Sheet No. 7 of 7
Revision No. _____
Effective: _____

DIRECT ACCESS
MUNICIPAL WATER PUMPING SCHEDULE NO. 43

accounts, l) ancillary services (Transmission and Ancillary Services – Rider No. 3), j) fixed must-run generation (Must-Run Generation – Rider No. 2), and k) fixed CTC (Fixed CTC by Class – Rider No. 4). In a given quarter, the floating CTC can have a negative value, in which case the negative value will be credited to the customer's monthly bill.

The monthly MGC will be calculated using an on-peak component and an off-peak component and will be calculated in advance. The monthly on-peak component will be equal to a market price multiplied by the quantity of 1 plus the appropriate line loss (including UFE). The market price will be equal to the Palo Verde NYMEX futures price, except when adjusted for the variable cost of must-run generation. The off-peak component will be determined in the same manner as the on-peak component, except that the Palo Verde futures price will be adjusted by the ratio of off-peak to on-peak hourly prices from the California Power Exchange of the same month from the preceding year.

ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge of \$0.00004473 per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona (Applies to scheduling coordinators; not billed to end-use customers).

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

TERMS AND CONDITIONS OF INTERRUPTIBLE SERVICE

1. Customer must furnish, install, own, and maintain at each point of delivery all necessary Company approved equipment which will enable the Company to interrupt service with its master control station.
2. Service may be interrupted by Company during certain periods of the day not exceeding six hours in any 24-hour period.
3. Company will endeavor to give Customer one hour notice of impending interruption; however, service may be interrupted without notice should Company deem such action necessary.
4. The interruptible load shall be separately served and metered and shall at no time be connected to facilities serving Customer's firm load. Conversely, the firm load shall be separately served and metered and shall at no time be connected to facilities serving Customer's interruptible load.
5. Company shall not be liable for any loss or damage caused by or resulting from any interruption of service.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.

The Company may require a written contract.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 50
 Sheet No. 1 of 7
 Revision No.
 Effective:

DIRECT ACCESS
PUBLIC STREET LIGHTING SCHEDULE NO. 50

The Company's following Riders apply to this tariff: Adder Associated with MGC – Rider No. 1; Must-Run Generation – Rider No. 2; Transmission and Ancillary Services – Rider No. 3; Fixed CTC by Class – Rider No. 4; and Transmission Credit – Rider No. 5.

AVAILABILITY

Available for service for lighting public streets, alleys, thoroughfares, public parks, and playgrounds by use of Company's standard facilities where such service is contracted under this rate schedule by the state, a county, city, town, political subdivision, improvement district, or a responsible person or persons for unincorporated communities.

APPLICABILITY

Applicable to street lighting service from dusk to dawn and Company will own, operate, and maintain the street light system including lamps and globe replacements.

CHARACTER OF SERVICE

Multiple or series street lighting system at option of Company and at one standard nominal voltage.

RATES

A monthly net bill based on the following, as applicable, plus any adjustments incorporated in this Schedule:

	100 W OH	250 W OH	400 W OH	Pole Add	100 W UG
Distribution - Primary					
Applicability: Required for Direct Access Service.					
Price of Service:	\$3.611763	\$5.445799	\$8.405576	\$4.010000	\$6.829507 per Cust. Mo.
Distribution - Secondary					
(Applies to primary & secondary customers; a primary discount may apply to primary customers.)					
Price of Service:	\$1.570971	\$2.359193	\$3.640054	\$0.000000	\$2.979097 per Cust. Mo.
Distribution - Customer Service Drop					
	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000 per Cust. Mo.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 50
 Sheet No. 2 of 7
 Revision No. _____
 Effective: _____

DIRECT ACCESS
PUBLIC STREET LIGHTING SCHEDULE NO. 50

	100 W OH	250 W OH	400 W OH	Pole Add	100 W UG
Fixed Must-Run					
Applicability: Required for Direct Access Service.					
See Must-Run Generation - Rider No. 2					
Price of Service:	\$0.118260	\$0.295650	\$0.473040	\$0.000000	\$0.118260 per Cust. Mo.
Fixed CTC					
Applicability: Required for Direct Access Service.					
See Fixed CTC by Class - Rider No. 4					
Price of Service:	\$0.254588	\$0.636469	\$1.018350	\$0.000000	\$0.254588 per Cust. Mo.
Floating CTC					
Applicability: Required for Direct Access Service.					
See Market Generation Credit (MGC) and Stranded Cost Recovery section of this Tariff.					
Demand Side Management					
Applicability: Required System Benefit Charge for Direct Access Service.					
Price of Service:	\$0.084579	\$0.127015	\$0.195975	\$0.000000	\$0.160390 per Cust. Mo.
Customer Information and Lifeline Discount					
Applicability: Required System Benefit Charge for Direct Access Service.					
Price of Service:	\$0.093773	\$0.140822	\$0.217278	\$0.000000	\$0.177825 per Cust. Mo.
Uncollectible Accounts					
Applicability: Required for Direct Access Service.					
Price of Service:	\$0.018179	\$0.027301	\$0.042123	\$0.000000	\$0.034474 per Cust. Mo.
Meter Services					
Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.					
Installation	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000 per Cust. Mo.
Maintenance	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000 per Cust. Mo.
Equipment	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000 per Cust. Mo.
Subtotal	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000 per Cust. Mo.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

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Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 50
 Sheet No. 3 of 7
 Revision No. _____
 Effective: _____

DIRECT ACCESS
PUBLIC STREET LIGHTING SCHEDULE NO. 50

	100 W OH	250 W OH	400 W OH	Pole Add	100 W UG
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Meter Reading Services

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service: \$0.000000 \$0.000000 \$0.000000 \$0.000000 \$0.000000 per Cust. Mo.

Billing and Collection

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service: \$0.180658 \$0.271302 \$0.418598 \$0.000000 \$0.342589 per Cust. Mo.

Transmission - Group A: For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit -- Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups.

For illustrative purposes, estimated rates are shown below.

Energy-based rate for transmission; converted to per customer month basis:

\$0.079424 \$0.198560 \$0.317697 \$0.000000 \$0.079424 per Cust. Mo.

Transmission - Group B: For customers not in Group A.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rates are shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the transmission charges are as follows:

EHV

\$2.259000 per kW / Month

Non-EHV

\$0.757000 per kW / Month

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 50
 Sheet No. 4 of 7
 Revision No. _____
 Effective: _____

DIRECT ACCESS
PUBLIC STREET LIGHTING SCHEDULE NO. 50

100 W OH 250 W OH 400 W OH Pole Add 100 W UG

Ancillary Services - Group A: For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit – Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, estimated rates are shown below.

System Control & Dispatch	\$0.002826	\$0.007066	\$0.011305	\$0.000000	\$0.002826 per Cust. Mo.
Reactive Supply and Voltage Control	\$0.011098	\$0.027746	\$0.044393	\$0.000000	\$0.011098 per Cust. Mo.
Regulation and Frequency Response	\$0.010754	\$0.026884	\$0.043015	\$0.000000	\$0.010754 per Cust. Mo.
Energy Imbalance Service	(see Notes)				per Cust. Mo.
Spinning Reserve Service	\$0.029159	\$0.072898	\$0.116636	\$0.000000	\$0.029159 per Cust. Mo.
Supplemental Reserve Service	\$0.004756	\$0.011891	\$0.019026	\$0.000000	\$0.004756 per Cust. Mo.

Ancillary Services - Group B: For customers not in Group A.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rates are shown below for information and for calculation of the floating CTC.
 (See Transmission Rider No. 3).

As of June 7, 1999, the charges are as follows:

System Control & Dispatch	\$0.041000 per kW / Month
Reactive Supply and Voltage Control	\$0.161000 per kW / Month
Regulation and Frequency Response	\$0.156000 per kW / Month
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.423000 per kW / Month
Supplemental Reserve Service	\$0.069000 per kW / Month

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 50
Sheet No. 5 of 7
Revision No. _____
Effective: _____

DIRECT ACCESS
PUBLIC STREET LIGHTING SCHEDULE NO. 50

100 W OH 250 W OH 400 W OH Pole Add 100 W UG

Notes:

- 1) A loss factor adjustment (5.4%) shall be made for Transmission and Ancillary Services.
- 2) Energy Imbalance Service currently charged pursuant to the Company's OATT, which is subject to change pursuant to AISA protocols.

ADDITIONAL NOTES

Summer billing months are May through October and winter billing months are November through April. Demand-Side Management, Uncollectible Accounts, Customer Information and Lifeline Discount are collectively referred to as the System Benefit Charge (SBC).

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

See Must-Run Generation – Rider No. 2 for treatment of variable Must-Run Generation.

MARKET GENERATION CREDIT (MGC) and STRANDED COST RECOVERY

The floating CTC is used to recover a portion of stranded cost and is calculated using a MGC methodology. The MGC is determined quarterly, with such change set 45 days prior to each quarter, although the amount will vary month-to-month. The floating CTC equals the difference between the customer's bundled rate and the sum of the MGC, the Adder (pursuant to Adder Associated with MGC – Rider No. 1), and the unbundled charges for: a) distribution, b) transmission, c) meter services, d) meter reading services, e) billing and collection, f) demand-side management system benefits charge, g) customer information and life-line discount system benefits charge, h) uncollectible accounts, i) ancillary services (Transmission and Ancillary Services – Rider No. 3), j) fixed must-run generation (Must-Run Generation – Rider No. 2), and k) fixed CTC (Fixed CTC by Class – Rider No. 4). In a given quarter, the floating CTC can have a negative value, in which case the negative value will be credited to the customer's monthly bill.

The monthly MGC will be calculated using an on-peak component and an off-peak component and will be calculated in advance. The monthly on-peak component will be equal to a market price multiplied by the quantity of 1 plus the appropriate line loss (including UFE). The market price will be equal to the Palo Verde NYMEX futures price, except when adjusted for the variable cost of must-run generation. The off-peak component will be determined in the same manner as the on-peak component, except that the Palo Verde futures price will be adjusted by the ratio of off-peak to on-peak hourly prices from the California Power Exchange of the same month from the preceding year.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 50
Sheet No. 6 of 7
Revision No. _____
Effective: _____

DIRECT ACCESS
PUBLIC STREET LIGHTING SCHEDULE NO. 50

ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge of \$0.00004473 per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona (Applies to scheduling coordinators; not billed to end-use customers).

STANDARD LAMP UNITS, OVERHEAD SERVICE

1. The standard 100 watt lamp unit for overhead service is a 9,500 lumen high pressure sodium unit, mounted on a four foot mast arm and controlled by a photoelectric cell. This unit will be mounted on a pole approximately 25 feet above ground level.
2. The standard 250 watt lamp unit for overhead service is a 27,500 lumen high pressure sodium unit, mounted on an eight foot mast arm and controlled by a photoelectric cell. This unit will be mounted on a pole approximately 27 feet above ground level.
3. The standard 400 watt lamp unit for overhead service is a 50,000 lumen high pressure sodium unit, mounted on an eighteen foot mast arm and controlled by a photoelectric cell. This unit will be mounted on a pole approximately 35 feet above ground level.
4. The standard 100 watt lamp unit for underground service is a 9,500 lumen high pressure sodium post top unit mounted on a pole approximately 15 feet above ground level.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may be in the future assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

SPECIAL PROVISIONS

1. Installation of a light on an existing pole is subject to prior approval of Company.
2. Extensions beyond 100 feet and all installations other than those addressed in this rate schedule, will require specific agreements providing adequate revenue or arrangements for construction financing.
3. The Customer is not authorized to make connections to this lighting circuit or to make attachments or alterations to the Company owned pole.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 50
Sheet No. 7 of 7
Revision No. _____
Effective: _____

DIRECT ACCESS
PUBLIC STREET LIGHTING SCHEDULE NO. 50

4. If a Customer requests a relocation of a lighting installation, the costs of such relocation must be borne by the Customer.
5. The Customer is expected to notify the Company when lamp outages occur.
6. The Company will use diligence in maintaining service; however, monthly bills will not be reduced because of lamp outages.
7. After the minimum contract period, if any, has expired, this agreement shall be extended from year to year unless written notice of desire to terminate is given by either party at least thirty (30) days prior to the end of any such annual extension date.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule. Any condition not provided for herein must be the subject of a separate written agreement.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 51
 Sheet No. I of 7
 Revision No. _____
 Effective: _____

DIRECT ACCESS
PRIVATE STREET AND AREA LIGHTING SCHEDULE NO. 51

The Company's following Riders apply to this tariff: Adder Associated with MGC – Rider No. 1; Must-Run Generation – Rider No. 2; Transmission and Ancillary Services – Rider No. 3; Fixed CTC by Class – Rider No. 4; and Transmission Credit – Rider No. 5.

AVAILABILITY

At any point where the Company in its judgment has facilities of adequate capacity and suitable voltage available.

APPLICABILITY

To any Customer for private street or outdoor area lighting where this service can be supplied from existing facilities of the Company.

Service is from dusk to dawn and the Company will install, own, operate, and maintain the complete lighting installation including lamp replacements.

Not applicable to resale service.

CHARACTER OF SERVICE

Multiple or series street lighting system at option of Company and at one standard nominal voltage.

RATES

A monthly net bill based on the following, as applicable, plus any adjustments incorporated in this Schedule:

	100 W OH	250 W OH	400 W OH	Pole Add	100 W UG
Distribution - Primary					
Applicability: Required for Direct Access Service.					
Price of Service:	\$3.611763	\$5.445799	\$8.405576	\$4.010000	\$6.829507 per Cust. Mo.
Distribution - Secondary					
(Applies to primary & secondary customers; a primary discount may apply to primary customers.)					
Price of Service:	\$1.570971	\$2.359193	\$3.640054	\$0.000000	\$2.979097 per Cust. Mo.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 51

Sheet No. 2 of 7

Revision No. _____

Effective: _____

DIRECT ACCESS
PRIVATE STREET AND AREA LIGHTING SCHEDULE NO. 51

	100 W OH	250 W OH	400 W OH	Pole Add	100 W UG
Distribution - Customer Service Drop	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000 per Cust. Mo.
Fixed Must-Run					
Applicability: Required for Direct Access Service.					
See Must-Run Generation - Rider No. 2					
Price of Service:	\$0.118260	\$0.295650	\$0.473040	\$0.000000	\$0.118260 per Cust. Mo.
Fixed CTC					
Applicability: Required for Direct Access Service.					
See Fixed CTC by Class - Rider No. 4					
Price of Service:	\$0.254588	\$0.636469	\$1.018350	\$0.000000	\$0.254588 per Cust. Mo.
Floating CTC					
Applicability: Required for Direct Access Service.					
See Market Generation Credit (MGC) and Stranded Cost Recovery section of this Tariff.					
Demand Side Management					
Applicability: Required System Benefit Charge for Direct Access Service.					
Price of Service:	\$0.084579	\$0.127015	\$0.195975	\$0.000000	\$0.160390 per Cust. Mo.
Customer Information and Lifeline Discount					
Applicability: Required System Benefit Charge for Direct Access Service.					
Price of Service:	\$0.093773	\$0.140822	\$0.217278	\$0.000000	\$0.177825 per Cust. Mo.
Uncollectible Accounts					
Applicability: Required for Direct Access Service.					
Price of Service:	\$0.018179	\$0.027301	\$0.042123	\$0.000000	\$0.034474 per Cust. Mo.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 51
 Sheet No. 3 of 7
 Revision No. _____
 Effective: _____

DIRECT ACCESS
PRIVATE STREET AND AREA LIGHTING SCHEDULE NO. 51

	100 W OH	250 W OH	400 W OH	Pole Add	100 W UG
Meter Services					
Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.					
Installation	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000 per Cust. Mo.
Maintenance	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000 per Cust. Mo.
Equipment	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000 per Cust. Mo.
Subtotal	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000 per Cust. Mo.
Meter Reading Services					
Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.					
Price of Service:	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000 per Cust. Mo.
Billing and Collection					
Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.					
Price of Service:	\$0.180658	\$0.271302	\$0.418598	\$0.000000	\$0.342589 per Cust. Mo.

Transmission - Group A: For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.
 Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit - Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, estimated rates are shown below.

Energy-based rate for transmission; converted to per customer month basis: \$0.079424 \$0.198560 \$0.317697 \$0.000000 \$0.079424 per Cust. Mo.

Transmission - Group B: For customers not in Group A.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.
 Sold to scheduling coordinator pursuant to the Company's FERC OATT.
 The following OATT rates are shown below for information and for calculation of the floating CTC.
 (See Transmission Rider No. 3).

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 51
 Sheet No. 4 of 7
 Revision No. _____
 Effective: _____

DIRECT ACCESS
PRIVATE STREET AND AREA LIGHTING SCHEDULE NO. 51

	100 W OH	250 W OH	400 W OH	Pole Add	100 W UG
EHV					
		\$2.259000 per kW / Month			
Non-EHV		\$0.757000 per kW / Month			

As of June 7, 1999, the transmission charges are as follows:

EHV

Non-EHV

Ancillary Services - Group A: For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit - Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, estimated rates are shown below.

System Control & Dispatch	\$0.002826	\$0.007066	\$0.011305	\$0.000000	\$0.002826 per Cust. Mo.
Reactive Supply and Voltage Control	\$0.011098	\$0.027746	\$0.044393	\$0.000000	\$0.011098 per Cust. Mo.
Regulation and Frequency Response	\$0.010754	\$0.026884	\$0.043015	\$0.000000	\$0.010754 per Cust. Mo.
Energy Imbalance Service	(see Notes)				per Cust. Mo.
Spinning Reserve Service	\$0.029159	\$0.072898	\$0.116636	\$0.000000	\$0.029159 per Cust. Mo.
Supplemental Reserve Service	\$0.004756	\$0.011891	\$0.019026	\$0.000000	\$0.004756 per Cust. Mo.

Ancillary Services - Group B: For customers not in Group A.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rates are shown below for information and for calculation of the floating CTC.
 (See Transmission Rider No. 3).

As of June 7, 1999, the charges are as follows:

System Control & Dispatch	\$0.041000 per kW / Month
Reactive Supply and Voltage Control	\$0.161000 per kW / Month
Regulation and Frequency Response	\$0.156000 per kW / Month
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.423000 per kW / Month
Supplemental Reserve Service	\$0.069000 per kW / Month

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 51
Sheet No. 5 of 7
Revision No. _____
Effective: _____

DIRECT ACCESS

PRIVATE STREET AND AREA LIGHTING SCHEDULE NO. 51

100 W OH 250 W OH 400 W OH Pole Add 100 W UG

Notes:

- 1) A loss factor adjustment (5.4%) shall be made for Transmission and Ancillary Services.
- 2) Energy Imbalance Service currently charged pursuant to the Company's OATT, which is subject to change pursuant to AISA protocols.

ADDITIONAL NOTES

Summer billing months are May through October and winter billing months are November through April.

Demand-Side Management, Uncollectible Accounts, Customer Information and Lifeline Discount are collectively referred to as the System Benefit Charge (SBC).

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

See Must-Run Generation – Rider No. 2 for treatment of variable Must-Run Generation.

MARKET GENERATION CREDIT (MGC) and STRANDED COST RECOVERY

The floating CTC is used to recover a portion of stranded cost and is calculated using a MGC methodology. The MGC is determined quarterly, with such change set 45 days prior to each quarter, although the amount will vary month-to-month. The floating CTC equals the difference between the customer's bundled rate and the sum of the MGC, the Adder (pursuant to Adder Associated with MGC – Rider No. 1), and the unbundled charges for: a) distribution, b) transmission, c) meter services, d) meter reading services, e) billing and collection, f) demand-side management system benefits charge, g) customer information and life-line discount system benefits charge, h) uncollectible accounts, i) ancillary services (Transmission and Ancillary Services – Rider No. 3), j) fixed must-run generation (Must-Run Generation – Rider No. 2), and k) fixed CTC (Fixed CTC by Class – Rider No. 4). In a given quarter, the floating CTC can have a negative value, in which case the negative value will be credited to the customer's monthly bill.

The monthly MGC will be calculated using an on-peak component and an off-peak component and will be calculated in advance. The monthly on-peak component will be equal to a market price multiplied by the quantity of 1 plus the appropriate line loss (including UFE). The market price will be equal to the Palo Verde NYMEX futures price, except when adjusted for the variable cost of must-run generation. The off-peak component will be determined in the same manner as the on-peak component, except that the Palo Verde futures price will be adjusted by the ratio of off-peak to on-peak hourly prices from the California Power Exchange of the same month from the preceding year.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 51
Sheet No. 6 of 7
Revision No. _____
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DIRECT ACCESS
PRIVATE STREET AND AREA LIGHTING SCHEDULE NO. 51

ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge of \$0.00004473 per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona (Applies to scheduling coordinators; not billed to end-use customers).

STANDARD LAMP UNITS

1. The standard 100 watt lamp unit for overhead service is a 9,500 lumen high pressure sodium unit, mounted on a four foot mast arm and controlled by a photoelectric cell. The unit will be mounted on a pole approximately 20 feet above ground level.
2. The standard 250 watt lamp unit for overhead service is a 27,500 lumen high pressure sodium unit, mounted on an eight foot mast arm and controlled by a photoelectric cell. This unit will be mounted on a pole approximately 27 feet above ground level.
3. The standard 400 watt lamp unit for overhead service is a 50,000 lumen high pressure sodium unit, mounted on an eighteen foot mast arm and controlled by a photoelectric cell. This unit will be mounted on a pole approximately 35 feet above ground level.
4. The standard 100 watt lamp unit for underground service is a 9,500 lumen high pressure sodium post top unit mounted on a pole approximately 15 feet above ground level.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may be in the future assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

SPECIAL PROVISIONS

1. Installation of a light on an existing pole is subject to prior approval of Company.
2. Extensions beyond 100 feet and all installations other than those addressed in this rate schedule will require specific agreements providing adequate revenue or arrangements for construction financing.
3. The Customer is not authorized to make connections to this lighting circuit or to make attachments or alterations to the Company owned pole.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 51
Sheet No. 7 of 7
Revision No. _____
Effective: _____

DIRECT ACCESS
PRIVATE STREET AND AREA LIGHTING SCHEDULE NO. 51

4. If a Customer requests a relocation of a lighting installation, the costs of such relocation must be borne by the Customer.
5. The Customer is expected to notify the Company when lamp outages occur.
6. The Company will use diligence in maintaining service; however, monthly bills will not be reduced because of lamp outages.
7. The Customer may cancel a lighting service agreement by payment of the monthly bill, including any applicable tax adjustment, multiplied by the number of remaining months of the initial agreement, or the calculated "up and down" costs for the extension, whichever is lower.

CONTRACT PERIOD

All private Street and Area Lighting installations will require a standard Customer agreement for service as follows:

1. Three (3) year initial term for installation on existing facilities.
2. Four (4) year initial term or longer, at the Company's option, for installations requiring an extension of facilities.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule. Any condition not provided for herein must be the subject of a separate written agreement.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 70

Sheet No. 1 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
RESIDENTIAL TIME-OF-USE SCHEDULE NO. 70

The Company's following Riders apply to this tariff: Adder Associated with MGC – Rider No. 1; Must-Run Generation – Rider No. 2; Transmission and Ancillary Services – Rider No. 3; Fixed CTC by Class – Rider No. 4; and Transmission Credit – Rider No. 5.

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises. Direct access to the meter during normal working hours is also a prerequisite for this rate schedule.

APPLICABILITY

To any Customer entitled to single phase service under Rate No. 01. Service is available to individual private dwellings and individually metered multi-family units when all service is supplied at one point of delivery and energy is metered through one meter; however, controlled off-peak electric water heating may be metered separately.

Not applicable to three phase service, resale, breakdown, temporary, standby, or auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

Service under this schedule will commence when the appropriate meter has been installed.* Customers must stay on this Rate Schedule for a minimum period of one (1) year. A Customer, at his/her discretion and after being served for a twelve (12) month period under Rate No. 70, may opt to switch service to the Company's non-time-of-use Residential Rate No. 1. The Company shall refund to the Customer any excess moneys paid in total over the entire twelve months under Rate No. 70 that would not have been paid under Rate No. 1. A Customer shall be eligible to receive such a refund of excess moneys on a single occasion only.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATES

A monthly net bill based on the following, as applicable, plus any adjustments incorporated in this Schedule:

Distribution - Primary

Applicability: Required for Direct Access Service.

Price of Service: \$0.019158 per kWh

Distribution - Secondary

(Applies to primary & secondary customers; a primary discount may apply to primary customers.)

Price of Service: \$0.007091 per kWh

Distribution - Customer Service Drop

Price of Service: \$0.603377 per customer month

Fixed Must-Run

Applicability: Required for Direct Access Service.

See Must-Run Generation - Rider No. 2

Price of Service: \$0.004320 per kWh

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 70

Sheet No. 2 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
RESIDENTIAL TIME-OF-USE SCHEDULE NO. 70

Fixed CTC

Applicability: Required for Direct Access Service.

See Fixed CTC by Class - Rider No. 4

Price of Service: \$0.009300 per kWh

Floating CTC

Applicability: Required for Direct Access Service.

See Market Generation Credit (MGC) and Stranded Cost Recovery section of this Tariff.

Demand Side Management

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000617 per kWh

Customer Information and Lifeline Discount

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000684 per kWh

Uncollectible Accounts

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000133 per kWh

Meter Services

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Installation	\$1.463195 per customer month
Maintenance	\$0.292639 per customer month
<u>Equipment</u>	<u>\$1.170556 per customer month</u>
Subtotal	\$2.926389 per customer month

Meter Reading Services

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service: \$0.801807 per customer month

Billing and Collection

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service: \$2.518427 per customer month

Transmission - Group A: For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit -- Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, an estimated rate is shown below.

Energy-based rate for transmission: \$0.005629 per kWh

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 70Sheet No. 3 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
RESIDENTIAL TIME-OF-USE SCHEDULE NO. 70

Transmission - Group B: For customers not in Group A.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rate is shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the transmission charges are as follows:

EHV	\$2.259000 per kW / Month
Non-EHV	\$0.757000 per kW / Month

Ancillary Services - Group A: For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit – Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, estimated rates are shown below.

System Control & Dispatch	\$0.000079 per kWh
Reactive Supply and Voltage Control	\$0.000310 per kWh
Regulation and Frequency Response	\$0.000300 per kWh
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.000814 per kWh
Supplemental Reserve Service	\$0.000133 per kWh

Ancillary Services - Group B: For customers not in Group A.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rates are shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the charges are as follows:

System Control & Dispatch	\$0.041000 per kW / Month
Reactive Supply and Voltage Control	\$0.161000 per kW / Month
Regulation and Frequency Response	\$0.156000 per kW / Month
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.423000 per kW / Month
Supplemental Reserve Service	\$0.069000 per kW / Month

Notes:

- 1) A loss factor adjustment (5.4%) shall be made for Transmission and Ancillary Services.
- 2) Energy Imbalance Service currently charged pursuant to the Company's OATT, which is subject to change pursuant to AISA protocols.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 70

Sheet No. 4 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
RESIDENTIAL TIME-OF-USE SCHEDULE NO. 70

ADDITIONAL NOTES

Demand-Side Management, Uncollectible Accounts, Customer Information and Lifeline Discount are collectively referred to as the System Benefit Charge (SBC).

The Company has the option to price service in the billing months of May and October at lower levels, which levels shall not be less than marginal cost. Any shoulder consumption remaining from October usage will be billed at the summer shoulder rate in following billing months.

Summer billing months are May through October and winter billing months are November through April.

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

See Must-Run Generation – Rider No. 2 for treatment of variable Must-Run Generation.

MARKET GENERATION CREDIT (MGC) and STRANDED COST RECOVERY

The floating CTC is used to recover a portion of stranded cost and is calculated using a MGC methodology. The MGC is determined quarterly, with such change set 45 days prior to each quarter, although the amount will vary month-to-month. The floating CTC equals the difference between the customer's bundled rate and the sum of the MGC, the Adder (pursuant to Adder Associated with MGC – Rider No. 1), and the unbundled charges for: a) distribution, b) transmission, c) meter services, d) meter reading services, e) billing and collection, f) demand-side management system benefits charge, g) customer information and life-line discount system benefits charge, h) uncollectible accounts, i) ancillary services (Transmission and Ancillary Services – Rider No. 3), j) fixed must-run generation (Must-Run Generation – Rider No. 2), and k) fixed CTC (Fixed CTC by Class – Rider No. 4). In a given quarter, the floating CTC can have a negative value, in which case the negative value will be credited to the customer's monthly bill.

The monthly MGC will be calculated using an on-peak component and an off-peak component and will be calculated in advance. The monthly on-peak component will be equal to a market price multiplied by the quantity of 1 plus the appropriate line loss (including UFE). The market price will be equal to the Palo Verde NYMEX futures price, except when adjusted for the variable cost of must-run generation. The off-peak component will be determined in the same manner as the on-peak component, except that the Palo Verde futures price will be adjusted by the ratio of off-peak to on-peak hourly prices from the California Power Exchange of the same month from the preceding year.

ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge of \$0.00004473 per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona (Applies to scheduling coordinators; not billed to end-use customers).

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 70

Sheet No. 5 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
RESIDENTIAL TIME-OF-USE SCHEDULE NO. 70

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

Service Connection Charges

1. There shall be a \$13.50 charge for the initial establishment of each new service for each Customer.
2. There shall be a \$13.50 charge for the re-establishment of each service for each Customer.

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.

Optional rates are or may become available for certain classes of Customers. Upon application for service or upon request the Company will assist the Customer in selecting the rate schedule best suited to the Customer's requirements, but Company does not guarantee that Customers will be served under the most favorable rate schedule. Upon written notification of any material changes in Customer's installation, load conditions, or use of service, Company will assist in determining if a change in rates is desirable, but not more than one such change in rates will be made within any twelve month period.

Electric space heating and water heating equipment and installation shall conform to the Company's requirements.

*This Rate Schedule requires a type of meter that is not normally used; therefore, the Company makes no guarantee that meters will be installed within any specific time. However, the Company will make its best effort to install the special meter within a reasonable time.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 76

Sheet No. 1 of 6

Revision No. _____

Effective: _____

DIRECT ACCESS
GENERAL SERVICE TIME-OF-USE SCHEDULE NO. 76

The Company's following Riders apply to this tariff: Adder Associated with MGC – Rider No. 1; Must-Run Generation – Rider No. 2; Transmission and Ancillary Services – Rider No. 3; Fixed CTC by Class – Rider No. 4; and Transmission Credit – Rider No. 5.

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises. Direct access to the meter during normal working hours is also a prerequisite for this Schedule. Service hereunder shall be limited to either an aggregate customer total of 30 MW or an aggregate customer total of 130,000,000 kWh annually, whichever total is reached first.

APPLICABILITY

To any Customer entitled to service under Price Schedule No. 10. Service under this Schedule will commence when the appropriate meter has been installed.* Also applicable to ESA (special contract) customers who take direct access service after the expiration of their contracts.

Customers must stay on this Schedule for a minimum period of one (1) year. A Customer, at his/her discretion and after being served for a twelve (12) month period under Price Schedule No. 76, may opt to switch service to the Company's non-time-of-use General Service Price Schedule No. 10. The Company shall refund to the Customer any excess moneys paid in total over the entire twelve months under Price Schedule No. 76 that would not have been paid under Price Schedule No. 10. A Customer shall be eligible to receive such a refund of excess moneys on a single occasion only.

Not applicable to resale, breakdown, standby, or auxiliary service.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATES - Single Phase Service

A monthly net bill based on the following, as applicable, plus any adjustments incorporated in this Schedule:

Distribution - Primary

Applicability: Required for Direct Access Service.

Price of Service: \$0.014535 per kWh

Distribution - Secondary

(Applies to primary & secondary customers; a primary discount may apply to primary customers.)

Price of Service: \$0.006724 per kWh

Distribution - Customer Service Drop

Price of Service: \$0.404266 per customer month

Fixed Must-Run

Applicability: Required for Direct Access Service.

See Must-Run Generation - Rider No. 2

Price of Service: \$0.005140 per kWh

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 76

Sheet No. 2 of 6

Revision No. _____

Effective: _____

DIRECT ACCESS
GENERAL SERVICE TIME-OF-USE SCHEDULE NO. 76

Fixed CTC

Applicability: Required for Direct Access Service.

See Fixed CTC by Class - Rider No. 4

Price of Service: \$0.011100 *per kWh*

Floating CTC

Applicability: Required for Direct Access Service.

See Market Generation Credit (MGC) and Stranded Cost Recovery section of this Tariff.

Demand Side Management

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000625 *per kWh*

Customer Information and Lifeline Discount

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000693 *per kWh*

Uncollectible Accounts

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000134 *per kWh*

Meter Services

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Installation	\$1.529561 <i>per customer month</i>
Maintenance	\$0.305912 <i>per customer month</i>
<u>Equipment</u>	<u>\$1.223649</u> <i>per customer month</i>
Subtotal	\$3.059122 <i>per customer month</i>

Meter Reading Services

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service: \$0.817837 *per customer month*

Billing and Collection

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service: \$2.568775 *per customer month*

Transmission - Group A: For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit -- Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, an estimated rate is shown below.

Energy-based rate for transmission: \$0.007367 *per kWh*

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

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Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 76

Sheet No. 3 of 6

Revision No. _____

Effective: _____

DIRECT ACCESS
GENERAL SERVICE TIME-OF-USE SCHEDULE NO. 76

Transmission - Group B: For customers not in Group A.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rate is shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the transmission charges are as follows:

EHV	\$2.259000 per kW / Month
Non-EHV	\$0.757000 per kW / Month

Ancillary Services - Group A: For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit -- Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, estimated rates are shown below.

System Control & Dispatch	\$0.000103 per kWh
Reactive Supply and Voltage Control	\$0.000405 per kWh
Regulation and Frequency Response	\$0.000393 per kWh
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.001065 per kWh
Supplemental Reserve Service	\$0.000174 per kWh

Ancillary Services - Group B: For customers not in Group A.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rates are shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the charges are as follows:

System Control & Dispatch	\$0.041000 per kW / Month
Reactive Supply and Voltage Control	\$0.161000 per kW / Month
Regulation and Frequency Response	\$0.156000 per kW / Month
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.423000 per kW / Month
Supplemental Reserve Service	\$0.069000 per kW / Month

Notes:

- 1) A loss factor adjustment (5.4%) shall be made for Transmission and Ancillary Services.
- 2) Energy Imbalance Service currently charged pursuant to the Company's OATT, which is subject to change pursuant to AISA protocols.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 76

Sheet No. 4 of 6

Revision No. _____

Effective: _____

DIRECT ACCESS
GENERAL SERVICE TIME-OF-USE SCHEDULE NO. 76

RATES - Three Phase Service

Same as Single Phase Service, except three phase service is subject to the following additional charges:

Distribution - Customer Service Drop **\$1.00 per customer month**

Meter Services

Installation \$0.81 per customer month

Maintenance \$0.81 per customer month

Equipment \$4.88 per customer month

Subtotal \$6.50 per customer month

Total **\$7.50 per customer month**

ADJUSTMENT FOR TRANSFORMER OWNERSHIP AND METERING

1. When Company owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above schedule subject to a discount of 10.3¢ per kW per month of the billing demand each month.
2. When Customer owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above schedule subject to a discount of 20.6¢ per kW per month of the billing demand each month.
3. When Customer owns transformers and, at Company's option, energy is metered on secondary side of transformers, the demand shall be metered and the above schedule subject to a discount of 10.3¢ per kW per month of the billing demand each month.

ADDITIONAL NOTES

Demand-Side Management, Uncollectible Accounts, Customer Information and Lifeline Discount are collectively referred to as the System Benefit Charge (SBC).

The Company has the option to price service in the billing months of May and October at lower levels, which levels shall not be less than marginal cost. Any shoulder consumption remaining from October usage will be billed at the summer shoulder price in following billing months.

Summer billing months are May through October and winter billing months are November through April.

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 76

Sheet No. 5 of 6

Revision No. _____

Effective: _____

DIRECT ACCESS
GENERAL SERVICE TIME-OF-USE SCHEDULE NO. 76

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

See Must-Run Generation – Rider No. 2 for treatment of variable Must-Run Generation.

MARKET GENERATION CREDIT (MGC) and STRANDED COST RECOVERY

The floating CTC is used to recover a portion of stranded cost and is calculated using a MGC methodology. The MGC is determined quarterly, with such change set 45 days prior to each quarter, although the amount will vary month-to-month. The floating CTC equals the difference between the customer's bundled rate and the sum of the MGC, the Adder (pursuant to Adder Associated with MGC – Rider No. 1), and the unbundled charges for: a) distribution, b) transmission, c) meter services, d) meter reading services, e) billing and collection, f) demand-side management system benefits charge, g) customer information and life-line discount system benefits charge, h) uncollectible accounts, i) ancillary services (Transmission and Ancillary Services – Rider No. 3), j) fixed must-run generation (Must-Run Generation – Rider No. 2), and k) fixed CTC (Fixed CTC by Class – Rider No. 4). In a given quarter, the floating CTC can have a negative value, in which case the negative value will be credited to the customer's monthly bill. For ESA customers who take direct access after the expiration of their contracts, the "customer's bundled rate" used in the calculation of the floating CTC will be the customer's ESA price as of May 1, 1999, (subject to any automatic escalation provisions contained in the ESA).

The monthly MGC will be calculated using an on-peak component and an off-peak component and will be calculated in advance. The monthly on-peak component will be equal to a market price multiplied by the quantity of 1 plus the appropriate line loss (including UFE). The market price will be equal to the Palo Verde NYMEX futures price, except when adjusted for the variable cost of must-run generation. The off-peak component will be determined in the same manner as the on-peak component, except that the Palo Verde futures price will be adjusted by the ratio of off-peak to on-peak hourly prices from the California Power Exchange of the same month from the preceding year.

ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge of \$0.00004473 per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona (Applies to scheduling coordinators; not billed to end-use customers).

TAX CLAUSE

To the charges computed under the above prices, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

Service Connection Charges

1. There shall be a \$13.50 charge for the initial establishment of each new service for each Customer.
2. There shall be a \$13.50 charge for the re-establishment of each service for each Customer.

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this Schedule.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 76

Sheet No. 6 of 6

Revision No. _____

Effective: _____

DIRECT ACCESS
GENERAL SERVICE TIME-OF-USE SCHEDULE NO. 76

The Company may require a written contract and a minimum term of contract.

Optional price schedules are or may become available for certain classes of Customers. Upon application for service or upon request the Company will assist the Customer in selecting the price schedule best suited to the Customer's requirements, but the Company does not guarantee that Customers will be served under the most favorable price schedule. Upon written notification of any material changes in Customer's installation, load conditions, or use of service, Company will assist in determining if a change in price schedule is desirable, but not more than one such change in price schedule will be made within any twelve month period.

*This Schedule requires a type of meter not normally used; therefore, the Company makes no guarantee that the meters will be installed within any specific time. However, the Company will make its best effort to install the special meter within a reasonable time.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 85A

Sheet No. 1 of 6

Revision No. _____

Effective: _____

DIRECT ACCESS
TIME-OF-USE LARGE GENERAL SERVICE SCHEDULE NO. 85A

The Company's following Riders apply to this tariff: Adder Associated with MGC – Rider No. 1; Must-Run Generation – Rider No. 2; Transmission and Ancillary Services – Rider No. 3; Fixed CTC by Class – Rider No. 4; and Transmission Credit – Rider No. 5.

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises. Service under this Schedule shall be limited to a total of 30 MW.

APPLICABILITY

To all general power and lighting service on an optional basis when all energy is supplied at one point of delivery and through one metered service. Customer shall contract for a demand of not less than 200 kW. Service under this Schedule shall commence when the appropriate meter has been installed.* Also applicable to ESA (special contract) customers who take direct access service after the expiration of their contracts.

Not applicable to resale, breakdown, standby, or auxiliary service.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering shall be required for new installations with service requirements in excess of 2,500 kW.

RATES

A monthly net bill based on the following, as applicable, plus any adjustments incorporated in this Schedule:

Distribution - Primary

Applicability: Required for Direct Access Service.

On-peak kW - summer	\$0.841268 <i>per kW</i>
Excess shoulder kW - summer only	\$0.555720 <i>per excess kW</i>
Excess off-peak kW - summer	\$0.420634 <i>per excess kW</i>
On-peak kW - winter	\$0.555720 <i>per kW</i>
Excess off-peak kW - winter	\$0.277860 <i>per excess kW</i>
On-peak kWh - summer	\$0.009698 <i>per kWh</i>
Off-peak kWh - summer	\$0.008819 <i>per kWh</i>
Shoulder kWh - summer only	\$0.009258 <i>per kWh</i>
On-peak kWh - winter	\$0.009258 <i>per kWh</i>
Off-peak kWh - winter	\$0.008380 <i>per kWh</i>

Distribution - Secondary

(Applies to primary & secondary customers; a primary discount may apply to primary customers.)

On-peak kW - summer	\$0.347037 <i>per kW</i>
Excess shoulder kW - summer only	\$0.229244 <i>per excess kW</i>
Excess off-peak kW - summer	\$0.173519 <i>per excess kW</i>
On-peak kW - winter	\$0.229244 <i>per kW</i>

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 85ASheet No. 2 of 6

Revision No. _____

Effective: _____

DIRECT ACCESS
TIME-OF-USE LARGE GENERAL SERVICE SCHEDULE NO. 85A

Excess off-peak kW - winter	\$0.114622 <i>per excess kW</i>
On-peak kWh - summer	\$0.003217 <i>per kWh</i>
Off-peak kWh - summer	\$0.002854 <i>per kWh</i>
Shoulder kWh - summer only	\$0.003035 <i>per kWh</i>
On-peak kWh - winter	\$0.003035 <i>per kWh</i>
Off-peak kWh - winter	\$0.002673 <i>per kWh</i>

Distribution - Customer Service Drop

Price of Service:

\$82.000000 *per customer month***Fixed Must-Run**

Applicability: Required for Direct Access Service.

See Must-Run Generation - Rider No. 2

Price of Service:

\$0.003600 *per kWh***Fixed CTC**

Applicability: Required for Direct Access Service.

See Fixed CTC by Class - Rider No. 4

Price of Service:

\$0.007800 *per kWh***Floating CTC**

Applicability: Required for Direct Access Service.

See Market Generation Credit (MGC) and Stranded Cost Recovery section of this Tariff.

Demand Side Management

Applicability: Required System Benefit Charge for Direct Access Service.

On-peak kW	\$0.047041 <i>per kW</i>
Excess shoulder kW - summer only	\$0.035925 <i>per excess kW</i>
Excess off-peak kW	\$0.023521 <i>per excess kW</i>
On-peak kWh	\$0.000490 <i>per kWh</i>
Shoulder kWh - summer only	\$0.000476 <i>per kWh</i>
Off-peak kWh	\$0.000434 <i>per kWh</i>

Customer Information and Lifeline Discount

Applicability: Required System Benefit Charge for Direct Access Service.

On-peak kW	\$0.052155 <i>per kW</i>
Excess shoulder kW - summer only	\$0.039830 <i>per excess kW</i>
Excess off-peak kW	\$0.026077 <i>per excess kW</i>
On-peak kWh	\$0.000544 <i>per kWh</i>
Shoulder kWh - summer only	\$0.000527 <i>per kWh</i>
Off-peak kWh	\$0.000481 <i>per kWh</i>

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 85ASheet No. 3 of 6

Revision No. _____

Effective: _____

DIRECT ACCESS
TIME-OF-USE LARGE GENERAL SERVICE SCHEDULE NO. 85A

Uncollectible Accounts

Applicability: Required for Direct Access Service.

On-peak kW	\$0.010111 <i>per kW</i>
Excess shoulder kW - summer only	\$0.007722 <i>per excess kW</i>
Excess off-peak kW	\$0.005056 <i>per excess kW</i>
On-peak kWh	\$0.000105 <i>per kWh</i>
Shoulder kWh - summer only	\$0.000102 <i>per kWh</i>
Off-peak kWh	\$0.000093 <i>per kWh</i>

Meter Services

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Installation	\$1.500000 <i>per customer month</i>
Maintenance	\$1.500000 <i>per customer month</i>
<u>Equipment</u>	<u>\$9.000000</u> <i>per customer month</i>
Subtotal	\$12.000000 <i>per customer month</i>

Meter Reading Services

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service: \$1.000000 *per customer month***Billing and Collection**

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service: \$5.000000 *per customer month***Transmission**

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rate is shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the transmission charges are as follows:

EHV	\$2.259000 <i>per kW / Month</i>
Non-EHV	\$0.757000 <i>per kW / Month</i>

Ancillary Services

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rate is shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the charges are as follows:

System Control & Dispatch	\$0.041000 <i>per kW / Month</i>
Reactive Supply and Voltage Control	\$0.161000 <i>per kW / Month</i>

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 85A

Sheet No. 4 of 6

Revision No. _____

Effective: _____

DIRECT ACCESS
TIME-OF-USE LARGE GENERAL SERVICE SCHEDULE NO. 85A

Regulation and Frequency Response
Energy Imbalance Service
Spinning Reserve Service
Supplemental Reserve Service

\$0.156000 *per kW / Month*
(see Notes)
\$0.423000 *per kW / Month*
\$0.069000 *per kW / Month*

Notes

- 1) A loss factor adjustment (5.4%) shall be made for Transmission and Ancillary Services.
- 2) Energy Imbalance Service currently charged pursuant to the Company's OATT, which is subject to change pursuant to AISA protocols.

BILLING DEMAND

The maximum 60-minute measured demand in the month, but not less than 50% of the maximum on-peak demand used for billing purposes in the preceding 11 months, nor less than the contract demand, nor less than 200 kW.

Excess shoulder demand is defined as that positive amount (if any) by which shoulder demand exceeds 150% of on-peak period demand.

Excess off-peak demand is defined as:

1. that positive amount by which off-peak period demand exceeds shoulder period demand (when and if shoulder period demand is greater than 150% of the on-peak period demand and off-peak period demand exceeds shoulder period demand), or;
2. that positive amount by which off-peak period demand exceeds 150% of the on-peak period demand (when and if shoulder period demand is less than 150% of the on-peak period demand and off-peak period demand exceeds 150% of the on-peak period demand), or;
3. zero when the above conditions in I are not met and the above conditions in II are not met.

In the event that excess shoulder and/or excess off-peak demand occur, excess shoulder demand shall be billed at the shoulder price and excess off-peak demand shall be billed at the off-peak price.

Any shoulder consumption remaining from October usage shall be billed at the summer shoulder price in following billing months.

ADJUSTMENT FOR TRANSFORMER OWNERSHIP AND METERING

1. When Company owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above Schedule subject to a discount of 10.3¢ per kW per month of the billing demand each month.
2. When Customer owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above Schedule subject to a discount of 20.6¢ per kW per month of the billing demand each month.
3. When Customer owns transformers and, at Company's option, energy is metered on secondary side of transformers, the demand shall be metered and the above Schedule subject to a discount of 10.3¢ per kW per month of the billing demand each month.

ADDITIONAL NOTES

Demand-Side Management, Uncollectible Accounts, Customer Information and Lifeline Discount are collectively referred to as the System Benefit Charge (SBC).

Summer billing months are May through October and winter billing months are November through April.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 85A

Sheet No. 5 of 6

Revision No. _____

Effective: _____

DIRECT ACCESS
TIME-OF-USE LARGE GENERAL SERVICE SCHEDULE NO. 85A

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

Additional charges may be directly assigned to a customer pursuant to its contract.

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

See Must-Run Generation – Rider No. 2 for treatment of variable Must-Run Generation.

MARKET GENERATION CREDIT (MGC) and STRANDED COST RECOVERY

The floating CTC is used to recover a portion of stranded cost and is calculated using a MGC methodology. The MGC is determined quarterly, with such change set 45 days prior to each quarter, although the amount will vary month-to-month. The floating CTC equals the difference between the customer's bundled rate and the sum of the MGC, the Adder (pursuant to Adder Associated with MGC – Rider No. 1), and the unbundled charges for: a) distribution, b) transmission, c) meter services, d) meter reading services, e) billing and collection, f) demand-side management system benefits charge, g) customer information and life-line discount system benefits charge, h) uncollectible accounts, i) ancillary services (Transmission and Ancillary Services – Rider No. 3), j) fixed must-run generation (Must-Run Generation – Rider No. 2), and k) fixed CTC (Fixed CTC by Class – Rider No. 4). In a given quarter, the floating CTC can have a negative value, in which case the negative value will be credited to the customer's monthly bill. For ESA customers who take direct access after the expiration of their contracts, the "customer's bundled rate" used in the calculation of the floating CTC will be the customer's ESA price as of May 1, 1999, (subject to any automatic escalation provisions contained in the ESA).

The monthly MGC will be calculated using an on-peak component and an off-peak component and will be calculated in advance. The monthly on-peak component will be equal to a market price multiplied by the quantity of 1 plus the appropriate line loss (including UFE). The market price will be equal to the Palo Verde NYMEX futures price, except when adjusted for the variable cost of must-run generation. The off-peak component will be determined in the same manner as the on-peak component, except that the Palo Verde futures price will be adjusted by the ratio of off-peak to on-peak hourly prices from the California Power Exchange of the same month from the preceding year.

ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge of \$0.00004473 per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona (Applies to scheduling coordinators; not billed to end-use customers).

TAX CLAUSE

To the charges computed under the above prices, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 85A

Sheet No. 6 of 6

Revision No. _____

Effective: _____

DIRECT ACCESS
TIME-OF-USE LARGE GENERAL SERVICE SCHEDULE NO. 85A

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this Schedule.

The Company shall require a written contract and a minimum term of contract.

Optional price schedules are or may become available for certain classes of Customers. Upon application for service or upon request the Company will assist the Customer in selecting the price schedule best suited to the Customer's requirements, but Company does not guarantee that Customers will be served under the most favorable schedule. Upon written notification of any material changes in Customer's installation, load conditions, or use of service, the Company shall assist in determining if a change in schedule is desirable, but not more than one such change shall be made within any twelve month period.

*This Schedule requires a type of meter that is not normally used; therefore, the Company makes no guarantee that meters shall be installed within any specific time. However, the Company shall make its best effort to install the special meter within a reasonable time.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 85FSheet No. 1 of 6

Revision No. _____

Effective: _____

DIRECT ACCESS
TIME-OF-USE LARGE GENERAL SERVICE SCHEDULE NO. 85 (FROZEN)

The Company's following Riders apply to this tariff: Adder Associated with MGC – Rider No. 1; Must-Run Generation – Rider No. 2; Transmission and Ancillary Services – Rider No. 3; Fixed CTC by Class – Rider No. 4; and Transmission Credit – Rider No. 5.

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises. Service under this Schedule shall be limited to a total of 30 MW.

APPLICABILITY

To all general power and lighting service on an optional basis when all energy is supplied at one point of delivery and through one metered service. Customer shall contract for a demand of not less than 200 kW. Service under this Schedule shall commence when the appropriate meter has been installed.* Also applicable to ESA (special contract) customers who take direct access service after the expiration of their contracts.

Not applicable to resale, breakdown, standby, or auxiliary service.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering shall be required for new installations with service requirements in excess of 2,500 kW.

RATES

A monthly net bill based on the following, as applicable, plus any adjustments incorporated in this Schedule:

Distribution - Primary

Applicability: Required for Direct Access Service.

On-peak kW - summer	\$1.831900 <i>per kW</i>
Excess shoulder kW - summer only	\$1.210284 <i>per excess kW</i>
Excess off-peak kW - summer	\$0.917048 <i>per excess kW</i>
On-peak kW - winter	\$1.019186 <i>per kW</i>
Excess off-peak kW - winter	\$0.509593 <i>per excess kW</i>
On-peak kWh - summer	\$0.013663 <i>per kWh</i>
Off-peak kWh - summer	\$0.005410 <i>per kWh</i>
Shoulder kWh - summer only	\$0.010507 <i>per kWh</i>
On-peak kWh - winter	\$0.010507 <i>per kWh</i>
Off-peak kWh - winter	\$0.005410 <i>per kWh</i>

Distribution - Secondary

(Applies to primary & secondary customers; a primary discount may apply to primary customers.)

On-peak kW - summer	\$0.755689 <i>per kW</i>
Excess shoulder kW - summer only	\$0.499262 <i>per excess kW</i>
Excess off-peak kW - summer	\$0.378298 <i>per excess kW</i>
On-peak kW - winter	\$0.420431 <i>per kW</i>

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 85FSheet No. 2 of 6

Revision No. _____

Effective: _____

DIRECT ACCESS
TIME-OF-USE LARGE GENERAL SERVICE SCHEDULE NO. 85 (FROZEN)

Excess off-peak kW - winter	\$0.210216 <i>per excess kW</i>
On-peak kWh - summer	\$0.004852 <i>per kWh</i>
Off-peak kWh - summer	\$0.001448 <i>per kWh</i>
Shoulder kWh - summer only	\$0.003550 <i>per kWh</i>
On-peak kWh - winter	\$0.003550 <i>per kWh</i>
Off-peak kWh - winter	\$0.001448 <i>per kWh</i>

Distribution - Customer Service Drop

Price of Service:

\$78.530000 *per customer month***Fixed Must-Run**

Applicability: Required for Direct Access Service.

See Must-Run Generation - Rider No. 2

Price of Service:

\$0.003600 *per kWh***Fixed CTC**

Applicability: Required for Direct Access Service.

See Fixed CTC by Class - Rider No. 4

Price of Service:

\$0.007800 *per kWh***Floating CTC**

Applicability: Required for Direct Access Service.

See Market Generation Credit (MGC) and Stranded Cost Recovery section of this Tariff.

Demand Side Management

Applicability: Required System Benefit Charge for Direct Access Service.

On-peak kW	\$0.099644 <i>per kW</i>
Excess shoulder kW - summer only	\$0.078240 <i>per excess kW</i>
Excess off-peak kW	\$0.049875 <i>per excess kW</i>
On-peak kWh	\$0.000674 <i>per kWh</i>
Shoulder kWh - summer only	\$0.000556 <i>per kWh</i>
Off-peak kWh	\$0.000227 <i>per kWh</i>

Customer Information and Lifeline Discount

Applicability: Required System Benefit Charge for Direct Access Service.

On-peak kW	\$0.110475 <i>per kW</i>
Excess shoulder kW - summer only	\$0.086745 <i>per excess kW</i>
Excess off-peak kW	\$0.055296 <i>per excess kW</i>
On-peak kWh	\$0.000748 <i>per kWh</i>
Shoulder kWh - summer only	\$0.000617 <i>per kWh</i>
Off-peak kWh	\$0.000252 <i>per kWh</i>

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 85FSheet No. 3 of 6

Revision No. _____

Effective: _____

DIRECT ACCESS
TIME-OF-USE LARGE GENERAL SERVICE SCHEDULE NO. 85 (FROZEN)

Uncollectible Accounts

Applicability: Required for Direct Access Service.

On-peak kW	\$0.021418 <i>per kW</i>
Excess shoulder kW - summer only	\$0.016817 <i>per excess kW</i>
Excess off-peak kW	\$0.010720 <i>per excess kW</i>
On-peak kWh	\$0.000145 <i>per kWh</i>
Shoulder kWh - summer only	\$0.000120 <i>per kWh</i>
Off-peak kWh	\$0.000049 <i>per kWh</i>

Meter Services

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Installation	\$1.500000 <i>per customer month</i>
Maintenance	\$1.500000 <i>per customer month</i>
<u>Equipment</u>	<u>\$9.000000</u> <i>per customer month</i>
Subtotal	\$12.000000 <i>per customer month</i>

Meter Reading Services

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service: \$1.000000 *per customer month***Billing and Collection**

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service: \$5.000000 *per customer month***Transmission**

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rate is shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the transmission charges are as follows:

EHV	\$2.259000 <i>per kW / Month</i>
Non-EHV	\$0.757000 <i>per kW / Month</i>

Ancillary Services

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rate is shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the charges are as follows:

System Control & Dispatch	\$0.041000 <i>per kW / Month</i>
Reactive Supply and Voltage Control	\$0.161000 <i>per kW / Month</i>
Regulation and Frequency Response	\$0.156000 <i>per kW / Month</i>

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 85F

Sheet No. 4 of 6

Revision No. _____

Effective: _____

DIRECT ACCESS
TIME-OF-USE LARGE GENERAL SERVICE SCHEDULE NO. 85 (FROZEN)

Energy Imbalance Service
Spinning Reserve Service
Supplemental Reserve Service

(see Notes)
\$0.423000 *per kW / Month*
\$0.069000 *per kW / Month*

Notes

- 1) A loss factor adjustment (5.4%) shall be made for Transmission and Ancillary Services.
- 2) Energy Imbalance Service currently charged pursuant to the Company's OATT, which is subject to change pursuant to AISA protocols.

BILLING DEMAND

The maximum 60-minute measured demand in the month, but not less than 50% of the maximum on-peak demand used for billing purposes in the preceding 11 months, nor less than 50% of the contract demand, nor less than 200 kW.

Excess shoulder demand is defined as that positive amount (if any) by which shoulder demand exceeds 150% of on-peak period demand.

Excess off-peak demand is defined as:

1. that positive amount by which off-peak period demand exceeds shoulder period demand (when and if shoulder period demand is greater than 150% of the on-peak period demand and off-peak period demand exceeds shoulder period demand), or,
2. that positive amount by which off-peak period demand exceeds 150% of the on-peak period demand (when and if shoulder period demand is less than 150% of the on-peak period demand and off-peak period demand exceeds 150% of the on-peak period demand), or,
3. zero when the above conditions in I are not met and the above conditions in II are not met.

In the event that excess shoulder and/or excess off-peak demand occur, excess shoulder demand shall be billed at the shoulder price and excess off-peak demand shall be billed at the off-peak price.

Any shoulder consumption remaining from October usage shall be billed at the summer shoulder price in following billing months.

ADJUSTMENT FOR TRANSFORMER OWNERSHIP AND METERING

1. When Company owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above Schedule subject to a discount of 10.3¢ per kW per month of the billing demand each month.
2. When Customer owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above Schedule subject to a discount of 20.6¢ per kW per month of the billing demand each month.
3. When Customer owns transformers and, at Company's option, energy is metered on secondary side of transformers, the demand shall be metered and the above Schedule subject to a discount of 10.3¢ per kW per month of the billing demand each month.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 85F

Sheet No. 5 of 6

Revision No. _____

Effective: _____

DIRECT ACCESS
TIME-OF-USE LARGE GENERAL SERVICE SCHEDULE NO. 85 (FROZEN)

ADDITIONAL NOTES

Demand-Side Management, Uncollectible Accounts, Customer Information and Lifeline Discount are collectively referred to as the System Benefit Charge (SBC).

Additional charges may be directly assigned to a customer pursuant to its contract.

Summer billing months are May through October and winter billing months are November through April.

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

See Must-Run Generation – Rider No. 2 for treatment of variable Must-Run Generation.

MARKET GENERATION CREDIT (MGC) and STRANDED COST RECOVERY

The floating CTC is used to recover a portion of stranded cost and is calculated using a MGC methodology. The MGC is determined quarterly, with such change set 45 days prior to each quarter, although the amount will vary month-to-month. The floating CTC equals the difference between the customer's bundled rate and the sum of the MGC, the Adder (pursuant to Adder Associated with MGC – Rider No. 1), and the unbundled charges for: a) distribution, b) transmission, c) meter services, d) meter reading services, e) billing and collection, f) demand-side management system benefits charge, g) customer information and life-line discount system benefits charge, h) uncollectible accounts, i) ancillary services (Transmission and Ancillary Services – Rider No. 3), j) fixed must-run generation (Must-Run Generation – Rider No. 2), and k) fixed CTC (Fixed CTC by Class – Rider No. 4). In a given quarter, the floating CTC can have a negative value, in which case the negative value will be credited to the customer's monthly bill. For ESA customers who take direct access after the expiration of their contracts, the "customer's bundled rate" used in the calculation of the floating CTC will be the customer's ESA price as of May 1, 1999, (subject to any automatic escalation provisions contained in the ESA).

The monthly MGC will be calculated using an on-peak component and an off-peak component and will be calculated in advance. The monthly on-peak component will be equal to a market price multiplied by the quantity of 1 plus the appropriate line loss (including UFE). The market price will be equal to the Palo Verde NYMEX futures price, except when adjusted for the variable cost of must-run generation. The off-peak component will be determined in the same manner as the on-peak component, except that the Palo Verde futures price will be adjusted by the ratio of off-peak to on-peak hourly prices from the California Power Exchange of the same month from the preceding year.

ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge of \$0.00004473 per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona (Applies to scheduling coordinators; not billed to end-use customers).

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 85F

Sheet No. 6 of 6

Revision No. _____

Effective: _____

DIRECT ACCESS
TIME-OF-USE LARGE GENERAL SERVICE SCHEDULE NO. 85 (FROZEN)

TAX CLAUSE

To the charges computed under the above prices, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this Schedule.

The Company shall require a written contract and a minimum term of contract.

Optional price schedules are or may become available for certain classes of Customers. Upon application for service or upon request the Company will assist the Customer in selecting the price schedule best suited to the Customer's requirements, but Company does not guarantee that Customers will be served under the most favorable schedule. Upon written notification of any material changes in Customer's installation, load conditions, or use of service, the Company shall assist in determining if a change in schedule is desirable, but not more than one such change shall be made within any twelve month period.

*This Schedule requires a type of meter that is not normally used; therefore, the Company makes no guarantee that meters shall be installed within any specific time. However, the Company shall make its best effort to install the special meter within a reasonable time.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 90ASheet No. 1 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
TIME-OF-USE LARGE LIGHT AND POWER SCHEDULE NO. 90A

The Company's following Riders apply to this tariff: Adder Associated with MGC – Rider No. 1; Must-Run Generation – Rider No. 2; Transmission and Ancillary Services – Rider No. 3; Fixed CTC by Class – Rider No. 4; and Transmission Credit – Rider No. 5.

AVAILABILITY

Price Schedule No. 90 shall be available for any Customer within the service territory of the Company if the Company has facilities of adequate capacity and a written contract, covering such matters as the Company and Customer shall deem appropriate. Service under this Schedule shall commence when the appropriate meter has been installed.*

Also applicable to ESA (special contract) customers who take direct access service after the expiration of their contracts.

CHARACTER OF SERVICE

Service shall be three phase, 60 Hertz, and shall be supplied directly from any 46,000 volt, or higher voltage, system through distribution facilities used exclusively to serve Price Schedule No. 90 customers at a delivery voltage of not less than 2400/4160 volts and delivered at a single point of delivery unless otherwise specified in the contract.

RATES

A monthly net bill based on the following, as applicable, plus any adjustments incorporated in this Schedule:

Distribution - Primary

Applicability: Required for Direct Access Service.

On-peak kW - summer	\$0.000000 per kW
Excess shoulder kW - summer only	\$0.000000 per excess kW
Excess off-peak kW - summer	\$0.000000 per excess kW
On-peak kW - winter	\$0.000000 per kW
Excess off-peak kW - winter	\$0.000000 per excess kW
On-peak kWh - summer	\$0.000000 per kWh
Off-peak kWh - summer	\$0.000000 per kWh
Shoulder kWh - summer only	\$0.000000 per kWh
On-peak kWh - winter	\$0.000000 per kWh
Off-peak kWh - winter	\$0.000000 per kWh

Distribution - Secondary

(Applies to primary & secondary customers; a primary discount may apply to primary customers.)

On-peak kW - summer	\$0.000000 per kW
Excess shoulder kW - summer only	\$0.000000 per excess kW
Excess off-peak kW - summer	\$0.000000 per excess kW
On-peak kW - winter	\$0.000000 per kW
Excess off-peak kW - winter	\$0.000000 per excess kW
On-peak kWh - summer	\$0.000000 per kWh
Off-peak kWh - summer	\$0.000000 per kWh
Shoulder kWh - summer only	\$0.000000 per kWh
On-peak kWh - winter	\$0.000000 per kWh
Off-peak kWh - winter	\$0.000000 per kWh

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 90A

Sheet No. 2 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
TIME-OF-USE LARGE LIGHT AND POWER SCHEDULE NO. 90A

Distribution - Customer Service Drop

Price of Service: \$0.000000 *per customer month*

Fixed Must-Run

Applicability: Required for Direct Access Service.

See Must-Run Generation - Rider No. 2

Price of Service: \$0.002880 *per kWh*

Fixed CTC

Applicability: Required for Direct Access Service.

See Fixed CTC by Class - Rider No. 4

Price of Service: \$0.006200 *per kWh*

Floating CTC

Applicability: Required for Direct Access Service.

See Market Generation Credit (MGC) and Stranded Cost Recovery section of this Tariff.

Demand Side Management

Applicability: Required System Benefit Charge for Direct Access Service.

On-peak kW	\$0.087745 <i>per kW</i>
Excess shoulder kW - summer only	\$0.062978 <i>per excess kW</i>
Excess off-peak kW	\$0.043153 <i>per excess kW</i>
On-peak kWh	\$0.000513 <i>per kWh</i>
Shoulder kWh - summer only	\$0.000427 <i>per kWh</i>
Off-peak kWh	\$0.000363 <i>per kWh</i>

Customer Information and Lifeline Discount

Applicability: Required System Benefit Charge for Direct Access Service.

On-peak kW	\$0.097283 <i>per kW</i>
Excess shoulder kW - summer only	\$0.069824 <i>per excess kW</i>
Excess off-peak kW	\$0.047844 <i>per excess kW</i>
On-peak kWh	\$0.000268 <i>per kWh</i>
Shoulder kWh - summer only	\$0.000174 <i>per kWh</i>
Off-peak kWh	\$0.000103 <i>per kWh</i>

Uncollectible Accounts

Applicability: Required for Direct Access Service.

On-peak kW	\$0.018860 <i>per kW</i>
Excess shoulder kW - summer only	\$0.013537 <i>per excess kW</i>
Excess off-peak kW	\$0.009275 <i>per excess kW</i>
On-peak kWh	\$0.000110 <i>per kWh</i>
Shoulder kWh - summer only	\$0.000092 <i>per kWh</i>
Off-peak kWh	\$0.000078 <i>per kWh</i>

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 90ASheet No. 3 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
TIME-OF-USE LARGE LIGHT AND POWER SCHEDULE NO. 90A

Meter Services

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Installation	\$59.712326 <i>per customer month</i>
Maintenance	\$59.712326 <i>per customer month</i>
<u>Equipment</u>	<u>\$477.698607</u> <i>per customer month</i>
Subtotal	\$597.123258 <i>per customer month</i>

Meter Reading Services

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service: \$28.317738 *per customer month***Billing and Collection**

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service: \$88.944306 *per customer month***Transmission**

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rate is shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the transmission charges are as follows:

EHV	\$2.259000 <i>per kW / Month</i>
Non-EHV	\$0.757000 <i>per kW / Month</i>

Ancillary Services

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rate is shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the charges are as follows:

System Control & Dispatch	\$0.041000 <i>per kW / Month</i>
Reactive Supply and Voltage Control	\$0.161000 <i>per kW / Month</i>
Regulation and Frequency Response	\$0.156000 <i>per kW / Month</i>
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.423000 <i>per kW / Month</i>
Supplemental Reserve Service	\$0.069000 <i>per kW / Month</i>

Notes

- 1) A loss factor adjustment (5.4%) shall be made for Transmission and Ancillary Services.
- 2) Energy Imbalance Service currently charged pursuant to the Company's OATT, which is subject to change pursuant to AISA protocols.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 90A

Sheet No. 4 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
TIME-OF-USE LARGE LIGHT AND POWER SCHEDULE NO. 90A

BILLING DEMAND

The billing demand shall be specified in the contract, but shall not be less than 3,000 kW. Additionally, the On-Peak billing demand shall not be less than 66.67% of the maximum On-Peak billing demand in the preceding eleven (11) months, unless otherwise specified in the contract.

Excess shoulder demand is defined as that positive amount (if any) by which shoulder demand exceeds 150% of on-peak period demand.

Excess off-peak demand is defined as:

1. that positive amount by which off-peak period demand exceeds shoulder period demand (when and if shoulder period demand is greater than 150% of the on-peak period demand and off-peak period demand exceeds shoulder period demand), or;
2. that positive amount by which off-peak period demand exceeds 150% of the on-peak period demand (when and if shoulder period demand is less than 150% of the on-peak period demand and off-peak period demand exceeds 150% of the on-peak period demand), or;
3. zero when the above conditions in I are not met and the above conditions in II are not met.

In the event that excess shoulder and/or excess off-peak demand occur, excess shoulder demand shall be billed at the shoulder price and excess off-peak demand shall be billed at the off-peak price.

Any shoulder consumption remaining from October usage shall be billed at the summer shoulder price in following billing months.

POWER FACTOR ADJUSTMENT

Prices are subject to a discount or a charge of 1.3¢ per kW of billing demand for each 1% the average monthly power factor is above or below 90% lagging to a maximum discount of 13.0¢ per kW of billing demand per month.

ADDITIONAL NOTES

Demand-Side Management, Uncollectible Accounts, Customer Information and Lifeline Discount are collectively referred to as the System Benefit Charge (SBC).

Additional charges may be directly assigned to a customer pursuant to its contract.

Summer billing months are May through October and winter billing months are November through April.

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

See Must-Run Generation – Rider No. 2 for treatment of variable Must-Run Generation.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 90A

Sheet No. 5 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
TIME-OF-USE LARGE LIGHT AND POWER SCHEDULE NO. 90A

Also applicable to ESA (special contract) customers who take direct access service after the expiration of their contracts.

MARKET GENERATION CREDIT (MGC) and STRANDED COST RECOVERY

The floating CTC is used to recover a portion of stranded cost and is calculated using a MGC methodology. The MGC is determined quarterly, with such change set 45 days prior to each quarter, although the amount will vary month-to-month. The floating CTC equals the difference between the customer's bundled rate and the sum of the MGC, the Adder (pursuant to Adder Associated with MGC – Rider No. 1), and the unbundled charges for: a) distribution, b) transmission, c) meter services, d) meter reading services, e) billing and collection, f) demand-side management system benefits charge, g) customer information and life-line discount system benefits charge, h) uncollectible accounts, i) ancillary services (Transmission and Ancillary Services – Rider No. 3), j) fixed must-run generation (Must-Run Generation – Rider No. 2), and k) fixed CTC (Fixed CTC by Class – Rider No. 4). In a given quarter, the floating CTC can have a negative value, in which case the negative value will be credited to the customer's monthly bill. For ESA customers who take direct access after the expiration of their contracts, the "customer's bundled rate" used in the calculation of the floating CTC will be the customer's ESA price as of May 1, 1999, (subject to any automatic escalation provisions contained in the ESA).

The monthly MGC will be calculated using an on-peak component and an off-peak component and will be calculated in advance. The monthly on-peak component will be equal to a market price multiplied by the quantity of 1 plus the appropriate line loss (including UFE). The market price will be equal to the Palo Verde NYMEX futures price, except when adjusted for the variable cost of must-run generation. The off-peak component will be determined in the same manner as the on-peak component, except that the Palo Verde futures price will be adjusted by the ratio of off-peak to on-peak hourly prices from the California Power Exchange of the same month from the preceding year.

ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge of \$0.00004473 per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona (Applies to scheduling coordinators; not billed to end-use customers).

TAX CLAUSE

To the charges computed under the above prices, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this Schedule.

The Company shall require a written contract and a minimum term of contract.

Optional price schedules are or may become available for certain classes of Customers. Upon application for service or upon request the Company will assist the Customer in selecting the price schedule best suited to the Customer's requirements, but Company does not guarantee that Customers will be served under the most favorable schedule. Upon written notification of any material changes in Customer's installation, load conditions, or use of service, the Company shall assist in determining if a change in schedule is desirable, but not more than one such change shall be made within any twelve month period.

*This Schedule requires a type of meter that is not normally used; therefore, the Company makes no guarantee that meters shall be installed within any specific time. However, the Company shall make its best effort to install the special meter within a reasonable time.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 90F
Sheet No. 1 of 5
Revision No. _____
Effective: _____

DIRECT ACCESS
TIME-OF-USE LARGE LIGHT AND POWER SCHEDULE NO. 90 (FROZEN)

The Company's following Riders apply to this tariff: Adder Associated with MGC – Rider No. 1; Must-Run Generation – Rider No. 2; Transmission and Ancillary Services – Rider No. 3; Fixed CTC by Class – Rider No. 4; and Transmission Credit – Rider No. 5.

AVAILABILITY

Price Schedule No. 90 shall be available for any Customer within the service territory of the Company if the Company has facilities of adequate capacity and a written contract, covering such matters as the Company and Customer shall deem appropriate. Service under this Schedule shall commence when the appropriate meter has been installed.*

Also applicable to ESA (special contract) customers who take direct access service after the expiration of their contracts.

CHARACTER OF SERVICE

Service shall be three phase, 60 Hertz, and shall be supplied directly from any 46,000 volt, or higher voltage, system through distribution facilities used exclusively to serve Price Schedule No. 90 customers at a delivery voltage of not less than 2400/4160 volts and delivered at a single point of delivery unless otherwise specified in the contract.

RATES

A monthly net bill based on the following, as applicable, plus any adjustments incorporated in this Schedule:

Distribution - Primary

Applicability: Required for Direct Access Service.

On-peak kW - summer	\$0.000000 per kW
Excess shoulder kW - summer only	\$0.000000 per excess kW
Excess off-peak kW - summer	\$0.000000 per excess kW
On-peak kW - winter	\$0.000000 per kW
Excess off-peak kW - winter	\$0.000000 per excess kW
On-peak kWh - summer	\$0.000000 per kWh
Off-peak kWh - summer	\$0.000000 per kWh
Shoulder kWh - summer only	\$0.000000 per kWh
On-peak kWh - winter	\$0.000000 per kWh
Off-peak kWh - winter	\$0.000000 per kWh

Distribution - Secondary

(Applies to primary & secondary customers; a primary discount may apply to primary customers.)

On-peak kW - summer	\$0.000000 per kW
Excess shoulder kW - summer only	\$0.000000 per excess kW
Excess off-peak kW - summer	\$0.000000 per excess kW
On-peak kW - winter	\$0.000000 per kW
Excess off-peak kW - winter	\$0.000000 per excess kW
On-peak kWh - summer	\$0.000000 per kWh
Off-peak kWh - summer	\$0.000000 per kWh
Shoulder kWh - summer only	\$0.000000 per kWh
On-peak kWh - winter	\$0.000000 per kWh
Off-peak kWh - winter	\$0.000000 per kWh

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

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District: Entire Electric Service Area

Tariff No. 90F

Sheet No. 2 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
TIME-OF-USE LARGE LIGHT AND POWER SCHEDULE NO. 90 (FROZEN)

Distribution - Customer Service Drop

Price of Service:

\$0.000000 per customer month

Fixed Must-Run

Applicability: Required for Direct Access Service.

See Must-Run Generation - Rider No. 2

Price of Service:

\$0.002880 per kWh

Fixed CTC

Applicability: Required for Direct Access Service.

See Fixed CTC by Class - Rider No. 4

Price of Service:

\$0.006200 per kWh

Floating CTC

Applicability: Required for Direct Access Service.

See Market Generation Credit (MGC) and Stranded Cost Recovery section of this Tariff.

Demand Side Management

Applicability: Required System Benefit Charge for Direct Access Service.

On-peak kW

\$0.148451 per kW

Excess shoulder kW - summer only

\$0.117154 per excess kW

Excess off-peak kW

\$0.074231 per excess kW

On-peak kWh

\$0.000607 per kWh

Shoulder kWh - summer only

\$0.000366 per kWh

Off-peak kWh

\$0.000244 per kWh

Customer Information and Lifeline Discount

Applicability: Required System Benefit Charge for Direct Access Service.

On-peak kW

\$0.097283 per kW

Excess shoulder kW - summer only

\$0.069824 per excess kW

Excess off-peak kW

\$0.047844 per excess kW

On-peak kWh

\$0.000268 per kWh

Shoulder kWh - summer only

\$0.000174 per kWh

Off-peak kWh

\$0.000103 per kWh

Uncollectible Accounts

Applicability: Required for Direct Access Service.

On-peak kW

\$0.018860 per kW

Excess shoulder kW - summer only

\$0.013537 per excess kW

Excess off-peak kW

\$0.009275 per excess kW

On-peak kWh

\$0.000110 per kWh

Shoulder kWh - summer only

\$0.000092 per kWh

Off-peak kWh

\$0.000078 per kWh

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 90FSheet No. 3 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
TIME-OF-USE LARGE LIGHT AND POWER SCHEDULE NO. 90 (FROZEN)

Meter Services

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Installation	\$59.712326 per customer month
Maintenance	\$59.712326 per customer month
<u>Equipment</u>	<u>\$477.698607</u> per customer month
Subtotal	\$597.123258 per customer month

Meter Reading Services

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service: \$28.317738 per customer month

Billing and Collection

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service: \$88.944306 per customer month

Transmission

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rate is shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the transmission charges are as follows:

EHV	\$2.259000 per kW / Month
Non-EHV	\$0.757000 per kW / Month

Ancillary Services

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rate is shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the charges are as follows:

System Control & Dispatch	\$0.041000 per kW / Month
Reactive Supply and Voltage Control	\$0.161000 per kW / Month
Regulation and Frequency Response	\$0.156000 per kW / Month
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.423000 per kW / Month
Supplemental Reserve Service	\$0.069000 per kW / Month

Notes

- 1) A loss factor adjustment (5.4%) shall be made for Transmission and Ancillary Services.
- 2) Energy Imbalance Service currently charged pursuant to the Company's OATT, which is subject to change pursuant to AISA protocols.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

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District: Entire Electric Service Area

Tariff No. 90F

Sheet No. 4 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
TIME-OF-USE LARGE LIGHT AND POWER SCHEDULE NO. 90 (FROZEN)

BILLING DEMAND

The billing demand shall be specified in the contract, but shall not be less than 3,000 kW. Additionally, the On-Peak billing demand shall not be less than 66.67% of the maximum On-Peak billing demand in the preceding eleven (11) months, unless otherwise specified in the contract.

Excess shoulder demand is defined as that positive amount (if any) by which shoulder demand exceeds 150% of on-peak period demand.

Excess off-peak demand is defined as:

1. that positive amount by which off-peak period demand exceeds shoulder period demand (when and if shoulder period demand is greater than 150% of the on-peak period demand and off-peak period demand exceeds shoulder period demand), or;
2. that positive amount by which off-peak period demand exceeds 150% of the on-peak period demand (when and if shoulder period demand is less than 150% of the on-peak period demand and off-peak period demand exceeds 150% of the on-peak period demand), or;
3. zero when the above conditions in I are not met and the above conditions in II are not met.

In the event that excess shoulder and/or excess off-peak demand occur, excess shoulder demand shall be billed at the shoulder price and excess off-peak demand shall be billed at the off-peak price.

Any shoulder consumption remaining from October usage shall be billed at the summer shoulder price in following billing months.

POWER FACTOR ADJUSTMENT

Prices are subject to a discount or a charge of 1.3¢ per kW of billing demand for each 1% the average monthly power factor is above or below 90% lagging to a maximum discount of 13.0¢ per kW of billing demand per month.

ADDITIONAL NOTES

Demand-Side Management, Uncollectible Accounts, Customer Information and Lifeline Discount are collectively referred to as the System Benefit Charge (SBC).

Additional charges may be directly assigned to a customer pursuant to its contract.

Summer billing months are May through October and winter billing months are November through April.

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

See Must-Run Generation – Rider No. 2 for treatment of variable Must-Run Generation.

Also applicable to ESA (special contract) customers who take direct access service after the expiration of their contracts.

TUCSON ELECTRIC POWER COMPANY

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Tariff No. 90F

Sheet No. 5 of 5

Revision No. _____

Effective: _____

DIRECT ACCESS
TIME-OF-USE LARGE LIGHT AND POWER SCHEDULE NO. 90 (FROZEN)

MARKET GENERATION CREDIT (MGC) and STRANDED COST RECOVERY

The floating CTC is used to recover a portion of stranded cost and is calculated using a MGC methodology. The MGC is determined quarterly, with such change set 45 days prior to each quarter, although the amount will vary month-to-month. The floating CTC equals the difference between the customer's bundled rate and the sum of the MGC, the Adder (pursuant to Adder Associated with MGC – Rider No. 1), and the unbundled charges for: a) distribution, b) transmission, c) meter services, d) meter reading services, e) billing and collection, f) demand-side management system benefits charge, g) customer information and life-line discount system benefits charge, h) uncollectible accounts, i) ancillary services (Transmission and Ancillary Services – Rider No. 3), j) fixed must-run generation (Must-Run Generation – Rider No. 2), and k) fixed CTC (Fixed CTC by Class – Rider No. 4). In a given quarter, the floating CTC can have a negative value, in which case the negative value will be credited to the customer's monthly bill. For ESA customers who take direct access after the expiration of their contracts, the "customer's bundled rate" used in the calculation of the floating CTC will be the customer's ESA price as of May 1, 1999, (subject to any automatic escalation provisions contained in the ESA).

The monthly MGC will be calculated using an on-peak component and an off-peak component and will be calculated in advance. The monthly on-peak component will be equal to a market price multiplied by the quantity of 1 plus the appropriate line loss (including UFE). The market price will be equal to the Palo Verde NYMEX futures price, except when adjusted for the variable cost of must-run generation. The off-peak component will be determined in the same manner as the on-peak component, except that the Palo Verde futures price will be adjusted by the ratio of off-peak to on-peak hourly prices from the California Power Exchange of the same month from the preceding year.

ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge of \$0.00004473 per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona (Applies to scheduling coordinators; not billed to end-use customers).

TAX CLAUSE

To the charges computed under the above prices, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this Schedule.

The Company shall require a written contract and a minimum term of contract.

Optional price schedules are or may become available for certain classes of Customers. Upon application for service or upon request the Company will assist the Customer in selecting the price schedule best suited to the Customer's requirements, but Company does not guarantee that Customers will be served under the most favorable schedule. Upon written notification of any material changes in Customer's installation, load conditions, or use of service, the Company shall assist in determining if a change in schedule is desirable, but not more than one such change shall be made within any twelve month period.

*This Schedule requires a type of meter that is not normally used; therefore, the Company makes no guarantee that meters shall be installed within any specific time. However, the Company shall make its best effort to install the special meter within a reasonable time.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

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Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 107

Sheet No. 1 of 3

Revision No. _____

Effective: _____

OPTIONAL BACKUP SERVICE FOR SELF-GENERATION FACILITIES OVER 3 MW
SCHEDULE NO. 107

AVAILABILITY

Available throughout Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To any self-generation facility when all energy or capacity is supplied by Company at one point of delivery and through one metered service to replace energy ordinarily generated by a facility's own self-generation equipment during an unscheduled outage of the facility.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATES

***Service Charge:** To be charged to the customer depending on metering facilities required, per contract with TEP. (*Not applicable if billed under the Optional Maintenance Self-generation Service schedule.)

Reservation Charge:

1. For customers who take service at voltage levels greater than 46 kV, the monthly reservation charge shall be in accordance with sections a., b., c., and d. below:
 - a. For customers with alternate supply resources demonstrating a capacity factor of 95 percent or greater during the billing month, \$1.52 per kW of contract standby capacity.
 - b. For customers with alternate supply resources demonstrating a capacity factor of between 90 percent and 94.9 percent during the billing month, \$2.43 per kW of contract standby capacity.
 - c. For customers with alternate supply resources demonstrating a capacity factor of between 80 percent and 89.9 percent during the billing month, \$4.32 per kW of contract standby capacity.
 - d. For customers with alternate supply resources demonstrating a capacity factor lower than 80 percent, \$19.92 per kW of contract standby capacity.

The cost per kW in sections a, b, c, and d above reflect the likelihood that the Company will have to supply the customer's power needs due to a forced outage of the customer's self-generation facility during the billing month, and the Company's cost to supply such power. The customer's charge for reservation capacity during the billing month is the product of the customer's contract standby capacity and the applicable charge per kW. The cost per kW in sections a, b, c, and d above include firm transmission capacity reserved by the Company for the customer and charged consistent with the Company's FERC-approved Open Access Transmission Tariff.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

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District: Entire Electric Service Area

Tariff No. 107

Sheet No. 2 of 3

Revision No. _____

Effective: _____

OPTIONAL BACKUP SERVICE FOR SELF-GENERATION FACILITIES OVER 3 MW
SCHEDULE NO. 107

2. For customers who take service at voltage levels of 46 kV or less, the monthly reservation charge shall be in accordance with sections a, b, c, and d below:
 - a. For customers with alternate supply resources demonstrating a capacity factor of 95 percent or greater during the billing month, \$4.43 per kW of contract standby capacity.
 - b. For customers with alternate supply resources demonstrating a capacity factor of between 90 percent and 94.9 percent during the billing month, \$5.41 per kW of contract standby capacity.
 - c. For customers with alternate supply resources demonstrating a capacity factor of between 80 percent and 89.9 percent during the billing month, \$7.12 per kW of contract standby capacity.
 - d. For customers with alternate supply resources demonstrating a capacity factor lower than 80 percent, \$22.38 per kW of contract standby capacity.

The cost per kW in sections a, b, c, and d above reflect the likelihood that the Company will have to supply the customer's power needs due to a forced outage of the customer's self-generation facility during the billing month, and the Company's cost to supply such power. The customer's charge for reservation capacity during the billing month is the product of the customer's contract standby capacity and the applicable charge per kW. The cost per kW in sections a, b, c, and d above include firm transmission capacity reserved by the Company for the customer and charged consistent with the Company's FERC-approved Open Access Transmission Tariff, and all non-direct-assigned distribution charges.

Direct-assigned Transmission and Distribution Charge: Any transmission- and distribution-related facilities directly assigned to the customer shall be billed in accordance with the Company's Rules and Regulations.

Standby Energy Charge: All kWh @ 2.214¢ per kWh.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

TERMS AND CONDITIONS

1. The self-generation customer shall reimburse Company upon receipt of statement from Company for all interconnection costs.
2. The customer shall operate its electric generating equipment in accordance with Company rules, regulations, and service requirements.
3. The Company may require a written contract and a minimum term of contract.
4. The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.
5. The requirement for service shall not exceed the nameplate capacity of the customer's self-generation facilities.
6. The frequency and duration of service may be limited so that the rates remain compensatory by ensuring that usage retains the characteristics of partial requirements service.

TUCSON ELECTRIC POWER COMPANY

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Tariff No. 107

Sheet No. 3 of 3

Revision No. _____

Effective: _____

OPTIONAL BACKUP SERVICE FOR SELF-GENERATION FACILITIES OVER 3 MW
SCHEDULE NO. 107

7. A detented meter will be used for service supplied under this schedule.
8. A contribution in aid of construction will be required for any investment in metering equipment in excess of \$1,800.
9. Rates are inclusive of any stranded cost charges associated with this service.
10. Capacity Factor.

For purposes of this rate schedule, the calculation of the capacity factor will be based on an 18-month rolling average as shown in the formula below. The calculation of capacity factor shall not reflect any period of time during a billing month that Company-authorized Maintenance Service was being utilized.

Capacity Factor is equal to the average over the past 18 months of:

$$\frac{(\text{Contract standby capacity} \times \text{hours in month}) - (\text{Standby energy purchased in month})}{\text{Contract standby capacity} \times \text{hours in month}}$$

If customer has less than 18 months of billing history under Backup Service, the capacity factor will be calculated using the months that Backup Service has been taken to date.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 108

Sheet No. 1 of 2

Revision No. _____

Effective: _____

OPTIONAL MAINTENANCE ENERGY SERVICE FOR SELF-GENERATION FACILITIES
OVER 3 MW SCHEDULE NO. 108

AVAILABILITY

Available throughout Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To any self-generator when all energy and capacity are supplied by Company at one point of delivery and through one metered service to replace generation from a facility when such facility is out of service for scheduled maintenance.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATE

Service Charge: To be charged to the customer depending on metering facilities required, per contract with TEP.

Energy Charge:

- All kWh @ 5.228¢ per kWh**.
- All kWh @ 3.70 cents per kWh if this service is taken in conjunction with Optional Self-generation Backup Service.

** Not applicable if billed under the Optional Self-generation Backup Service schedule.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

TERMS AND CONDITIONS

1. The customer shall reimburse Company upon receipt of statement from Company for all interconnection costs in excess of the normal interconnection costs of a retail customer similarly served and situated.
2. The customer shall operate its electric generating equipment in accordance with Company rules, regulations, and service requirements.
3. The Company may require a written contract and a minimum term of contract.
4. The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.
5. The requirement for service shall not exceed the nameplate capacity of the QF.
6. The frequency and duration of service may be limited so that the rates remain compensatory by ensuring that usage retains the characteristics of partial requirements service.
7. The performance of scheduled maintenance during certain peak hours or months shall be subject to prohibitions to avoid impairing the Company's ability to serve its full requirements customers.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 108

Sheet No. 2 of 2

Revision No. _____

Effective: _____

OPTIONAL MAINTENANCE ENERGY SERVICE FOR SELF-GENERATION FACILITIES
OVER 3 MW SCHEDULE NO. 108

8. Maintenance schedules shall be submitted to the Company for a 12-month period at least 60 days prior to the beginning of such period.
9. A detented meter will be used for service supplied under this schedule.
10. A contribution in aid of construction will be required for any investment in metering equipment in excess of \$1,800.
11. Rates are inclusive of any stranded cost charges associated with this service.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 201

Sheet No. 1 of 12

Revision No. _____

Effective: _____

DIRECT ACCESS
SPECIAL RESIDENTIAL SCHEDULE NO. 201

The Company's following Riders apply to this tariff: Adder Associated with MGC – Rider No. 1; Must-Run Generation – Rider No. 2; Transmission and Ancillary Services – Rider No. 3; Fixed CTC by Class – Rider No. 4; and Transmission Credit – Rider No. 5.

AVAILABILITY

In all territory served by Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the premises served. Direct access to the meter during normal working hours is also a prerequisite for Options B & C of this Schedule.

APPLICABILITY

To single phase or three phase (Option A only) (subject to availability at point of delivery) residential electric service in individual private dwellings when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this Schedule requires that the customer use exclusively the Company's service for all space heating and all water heating energy requirements except as provided below and that the customer's home conform to the standards of the Good Cents program as in effect at the time of subscription to this Schedule. Notwithstanding the above, the customer's use of solar energy for any purpose shall not preclude subscription to this Schedule. Three different Options are available under this Schedule: A, B, & C. Subscription eligibility requirements are as follows:

Option A: Customer must meet conditions outlined above.

Option B: Customer must meet conditions required for option A and must purchase under the time-of-use structure applicable to Option B. Applicable only to single phase service.

Option C: Customer must meet above conditions required for option A, must use either (i.) solar equipment for water heating requirements during the year or (ii.) an electric heat pump water heater, or both (i.) and (ii.), and must purchase under the time-of-use structure applicable to Option C. Applicable only to single phase service.

Not applicable to resale, breakdown, temporary, standby, or auxiliary service or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

Service under Option B or Option C of this Schedule will commence when the appropriate meter has been installed.* Customers must stay on Option B or Option C of this Schedule for a minimum period of one (1) year. A Customer, at his/her discretion and after being served for a twelve (12) month period under Option B or Option C of this Schedule, may opt to switch service to the non-time-of-use Option A of this Schedule. The Company shall refund to the Customer any excess moneys paid in total over the entire twelve months under Rate No. 201, Option B or Option C that would not have been paid under Rate No. 1. A Customer shall be eligible to receive such a refund of excess moneys on a single occasion only.

CHARACTER OF SERVICE

Option A: Single or three phase, 60 Hertz, nominal 120/240 volts.

Option B: Single phase only, 60 Hertz, nominal 120/240 volts.

Option C: Single phase only, 60 Hertz, nominal 120/240 volts.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

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Tariff No. 201

Sheet No. 2 of 12

Revision No. _____

Effective: _____

DIRECT ACCESS
SPECIAL RESIDENTIAL SCHEDULE NO. 201

RATES - OPTION A - Single-Phase Service

A monthly net bill based on the following, as applicable, plus any adjustments incorporated in this Schedule:

Distribution - Primary

Applicability: Required for Direct Access Service.

Price of Service: \$0.019131 per kWh

Distribution - Secondary

(Applies to primary & secondary customers; a primary discount may apply to primary customers.)

Price of Service: \$0.007091 per kWh

Distribution - Customer Service Drop

Price of Service: \$0.623377 per customer month

Fixed Must-Run

Applicability: Required for Direct Access Service.

See Must-Run Generation - Rider No. 2

Price of Service: \$0.004320 per kWh

Fixed CTC

Applicability: Required for Direct Access Service.

See Fixed CTC by Class - Rider No. 4

Price of Service: \$0.009300 per kWh

Floating CTC

Applicability: Required for Direct Access Service.

See Market Generation Credit (MGC) and Stranded Cost Recovery section of this Tariff.

Demand Side Management

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000617 per kWh

Customer Information and Lifeline Discount

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000684 per kWh

Uncollectible Accounts

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000133 per kWh

Meter Services

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Installation \$0.503195 per customer month

Maintenance \$0.100639 per customer month

Equipment \$0.402556 per customer month

Subtotal \$1.006389 per customer month

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 201

Sheet No. 3 of 12

Revision No. _____

Effective: _____

DIRECT ACCESS
SPECIAL RESIDENTIAL SCHEDULE NO. 201

Meter Reading Services

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service: *\$0.801807 per customer month*

Billing and Collection

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service: *\$2.518427 per customer month*

Transmission - Group A: For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit -- Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, an estimated rate is shown below.

Energy-based rate for transmission: *\$0.005629 per kWh*

Transmission - Group B: For customers not in Group A.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rate is shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the transmission charges are as follows:

EHV *\$2.259000 per kW / Month*

Non-EHV *\$0.757000 per kW / Month*

Ancillary Services - Group A: For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit -- Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, estimated rates are shown below.

System Control & Dispatch *\$0.000079 per kWh*

Reactive Supply and Voltage Control *\$0.000310 per kWh*

Regulation and Frequency Response *\$0.000300 per kWh*

Energy Imbalance Service (see Notes)

Spinning Reserve Service *\$0.000814 per kWh*

Supplemental Reserve Service *\$0.000133 per kWh*

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 201Sheet No. 4 of 12

Revision No. _____

Effective: _____

DIRECT ACCESS
SPECIAL RESIDENTIAL SCHEDULE NO. 201

Ancillary Services - Group B: For customers not in Group A.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rates are shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the charges are as follows:

System Control & Dispatch	\$0.041000 <i>per kW / Month</i>
Reactive Supply and Voltage Control	\$0.161000 <i>per kW / Month</i>
Regulation and Frequency Response	\$0.156000 <i>per kW / Month</i>
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.423000 <i>per kW / Month</i>
Supplemental Reserve Service	\$0.069000 <i>per kW / Month</i>

Notes:

- 1) A loss factor adjustment (5.4%) shall be made for Transmission and Ancillary Services.
- 2) Energy Imbalance Service currently charged pursuant to the Company's OATT, which is subject to change pursuant to AISA protocols.

RATES - OPTION A - Three Phase Service

Same as single-phase service, except three-phase service is subject to the following additional charges:

Distribution - Customer Service Drop	\$1.00 <i>per customer month</i>
Meter Services	
Installation	\$0.81 <i>per customer month</i>
Maintenance	\$0.81 <i>per customer month</i>
<u>Equipment</u>	<u>\$4.88</u> <i>per customer month</i>
Subtotal	\$6.50 <i>per customer month</i>
Total	\$7.50 <i>per customer month</i>

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 201Sheet No. 5 of 12

Revision No. _____

Effective: _____

DIRECT ACCESS
SPECIAL RESIDENTIAL SCHEDULE NO. 201**RATES - OPTION B**

A monthly net bill based on the following, as applicable, plus any adjustments incorporated in this Schedule:

Distribution - Primary

Applicability: Required for Direct Access Service.

Price of Service: \$0.019158 per kWh

Distribution - Secondary

(Applies to primary & secondary customers; a primary discount may apply to primary customers.)

Price of Service: \$0.007091 per kWh

Distribution - Customer Service Drop

Price of Service: \$0.603377 per customer month

Fixed Must-Run

Applicability: Required for Direct Access Service.

See Must-Run Generation - Rider No. 2

Price of Service: \$0.004320 per kWh

Fixed CTC

Applicability: Required for Direct Access Service.

See Fixed CTC by Class - Rider No. 4

Price of Service: \$0.009300 per kWh

Floating CTC

Applicability: Required for Direct Access Service.

See Market Generation Credit (MGC) and Stranded Cost Recovery section of this Tariff.

Demand Side Management

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000617 per kWh

Customer Information and Lifeline Discount

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000684 per kWh

Uncollectible Accounts

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: \$0.000133 per kWh

Meter Services

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Installation \$1.463195 per customer month

Maintenance \$0.292639 per customer month

Equipment \$1.170556 per customer month

Subtotal \$2.926389 per customer month

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

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Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 201

Sheet No. 6 of 12

Revision No. _____

Effective: _____

DIRECT ACCESS
SPECIAL RESIDENTIAL SCHEDULE NO. 201

Meter Reading Services

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service: \$0.801807 per customer month

Billing and Collection

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service: \$2.518427 per customer month

Transmission - Group A: For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit – Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, an estimated rate is shown below.

Energy-based rate for transmission: \$0.005629 per kWh

Transmission - Group B: For customers not in Group A.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rate is shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the transmission charges are as follows:

EHV \$2.259000 per kW / Month

Non-EHV \$0.757000 per kW / Month

Ancillary Services - Group A: For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit – Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, estimated rates are shown below.

System Control & Dispatch \$0.000079 per kWh

Reactive Supply and Voltage Control \$0.000310 per kWh

Regulation and Frequency Response \$0.000300 per kWh

Energy Imbalance Service (see Notes)

Spinning Reserve Service \$0.000814 per kWh

Supplemental Reserve Service \$0.000133 per kWh

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 201

Sheet No. 7 of 12

Revision No. _____

Effective: _____

DIRECT ACCESS
SPECIAL RESIDENTIAL SCHEDULE NO. 201

Ancillary Services - Group B: For customers not in Group A.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rates are shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the charges are as follows:

System Control & Dispatch	\$0.041000 <i>per kW / Month</i>
Reactive Supply and Voltage Control	\$0.161000 <i>per kW / Month</i>
Regulation and Frequency Response	\$0.156000 <i>per kW / Month</i>
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.423000 <i>per kW / Month</i>
Supplemental Reserve Service	\$0.069000 <i>per kW / Month</i>

Notes:

- 1) A loss factor adjustment (5.4%) shall be made for Transmission and Ancillary Services.
- 2) Energy Imbalance Service currently charged pursuant to the Company's OATT, which is subject to change pursuant to AISA protocols.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. 201Sheet No. 8 of 12

Revision No. _____

Effective: _____

DIRECT ACCESS
SPECIAL RESIDENTIAL SCHEDULE NO. 201**RATES - OPTION C**

A monthly net bill based on the following, as applicable, plus any adjustments incorporated in this Schedule:

Distribution - Primary

Applicability: Required for Direct Access Service.

Price of Service: *\$0.019158 per kWh***Distribution - Secondary**

(Applies to primary & secondary customers; a primary discount may apply to primary customers.)

Price of Service: *\$0.007091 per kWh***Distribution - Customer Service Drop**Price of Service: *\$0.603377 per customer month***Fixed Must-Run**

Applicability: Required for Direct Access Service.

See Must-Run Generation - Rider No. 2

Price of Service: *\$0.004320 per kWh***Fixed CTC**

Applicability: Required for Direct Access Service.

See Fixed CTC by Class - Rider No. 4

Price of Service: *\$0.009300 per kWh***Floating CTC**

Applicability: Required for Direct Access Service.

See Market Generation Credit (MGC) and Stranded Cost Recovery section of this Tariff.

Demand Side Management

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: *\$0.000617 per kWh***Customer Information and Lifeline Discount**

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: *\$0.000684 per kWh***Uncollectible Accounts**

Applicability: Required System Benefit Charge for Direct Access Service.

Price of Service: *\$0.000133 per kWh***Meter Services**

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Installation *\$1.463195 per customer month*Maintenance *\$0.292639 per customer month*Equipment *\$1.170556 per customer month*Subtotal *\$2.926389 per customer month*

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

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District: Entire Electric Service Area

Tariff No. 201

Sheet No. 9 of 12

Revision No. _____

Effective: _____

DIRECT ACCESS
SPECIAL RESIDENTIAL SCHEDULE NO. 201

Meter Reading Services

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service: *\$0.801807 per customer month*

Billing and Collection

Applicability: Required for Direct Access Service, but may be purchased from a qualified third party.

Price of Service: *\$2.518427 per customer month*

Transmission - Group A: For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit – Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, an estimated rate is shown below.

Energy-based rate for transmission: *\$0.005629 per kWh*

Transmission - Group B: For customers not in Group A.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rate is shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the transmission charges are as follows:

EHV *\$2.259000 per kW / Month*

Non-EHV *\$0.757000 per kW / Month*

Ancillary Services - Group A: For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit – Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, estimated rates are shown below.

System Control & Dispatch *\$0.000079 per kWh*

Reactive Supply and Voltage Control *\$0.000310 per kWh*

Regulation and Frequency Response *\$0.000300 per kWh*

Energy Imbalance Service (see Notes)

Spinning Reserve Service *\$0.000814 per kWh*

Supplemental Reserve Service *\$0.000133 per kWh*

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 201

Sheet No. 10 of 12

Revision No. _____

Effective: _____

DIRECT ACCESS
SPECIAL RESIDENTIAL SCHEDULE NO. 201

Ancillary Services - Group B: For customers not in Group A.

Applicability: Required for Direct Access Service, but not purchased directly by the customer.

Sold to scheduling coordinator pursuant to the Company's FERC OATT.

The following OATT rates are shown below for information and for calculation of the floating CTC.

(See Transmission Rider No. 3).

As of June 7, 1999, the charges are as follows:

System Control & Dispatch	\$0.041000 <i>per kW / Month</i>
Reactive Supply and Voltage Control	\$0.161000 <i>per kW / Month</i>
Regulation and Frequency Response	\$0.156000 <i>per kW / Month</i>
Energy Imbalance Service	(see Notes)
Spinning Reserve Service	\$0.423000 <i>per kW / Month</i>
Supplemental Reserve Service	\$0.069000 <i>per kW / Month</i>

Notes:

- 1) A loss factor adjustment (5.4%) shall be made for Transmission and Ancillary Services.
- 2) Energy Imbalance Service currently charged pursuant to the Company's OATT, which is subject to change pursuant to AISA protocols.

ADDITIONAL NOTES

Demand-Side Management, Uncollectible Accounts, Customer Information and Lifeline Discount are collectively referred to as the System Benefit Charge (SBC).

The Company has the option to price service in the billing months of May and October at lower levels, which levels shall not be less than marginal cost. Any shoulder consumption remaining from October usage will be billed at the shoulder summer shoulder price in following billing months.

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

See Must-Run Generation – Rider No. 2 for treatment of variable Must-Run Generation.

MARKET GENERATION CREDIT (MGC) and STRANDED COST RECOVERY

The floating CTC is used to recover a portion of stranded cost and is calculated using a MGC methodology. The MGC is determined quarterly, with such change set 45 days prior to each quarter, although the amount will vary month-to-month. The floating CTC equals the difference between the customer's bundled rate and the sum of the MGC, the Adder (pursuant to Adder Associated with MGC – Rider No. 1), and the unbundled charges for: a) distribution, b) transmission, c) meter services, d) meter reading services, e) billing and collection, f)

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 201

Sheet No. 11 of 12

Revision No. _____

Effective: _____

DIRECT ACCESS
SPECIAL RESIDENTIAL SCHEDULE NO. 201

demand-side management system benefits charge, g) customer information and life-line discount system benefits charge, h) uncollectible accounts, l) ancillary services (Transmission and Ancillary Services – Rider No. 3), j) fixed must-run generation (Must-Run Generation – Rider No. 2), and k) fixed CTC (Fixed CTC by Class – Rider No. 4). In a given quarter, the floating CTC can have a negative value, in which case the negative value will be credited to the customer's monthly bill.

The monthly MGC will be calculated using an on-peak component and an off-peak component and will be calculated in advance. The monthly on-peak component will be equal to a market price multiplied by the quantity of 1 plus the appropriate line loss (including UFE). The market price will be equal to the Palo Verde NYMEX futures price, except when adjusted for the variable cost of must-run generation. The off-peak component will be determined in the same manner as the on-peak component, except that the Palo Verde futures price will be adjusted by the ratio of off-peak to on-peak hourly prices from the California Power Exchange of the same month from the preceding year.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. 201

Sheet No. 12 of 12

Revision No. _____

Effective: _____

DIRECT ACCESS
SPECIAL RESIDENTIAL SCHEDULE NO. 201

ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge of \$0.00004473 per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona (Applies to scheduling coordinators; not billed to end-use customers).

TAX CLAUSE - Applies to all Options

To the charges computed under the above prices, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS - Applies to all Options

Service Connection Charges

1. There shall be a \$13.50 charge for the initial establishment of each new service for each Customer.
2. There shall be a \$13.50 charge for the re-establishment of each service for each Customer.

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this Schedule.

Optional price schedules are or may become available for certain classes of Customers. Upon application for service or upon request the Company will assist the Customer in selecting the price schedule best suited to the Customer's requirements, but Company does not guarantee that Customers will be served under the most favorable schedule. Upon written notification of any material changes in Customer's installation, load conditions, or use of service, the Company shall assist in determining if a change in schedule is desirable, but not more than one such change shall be made within any twelve month period.

Electric space heating and water heating equipment and installation shall conform to the Company's requirements.

* Options B and C of this Rate Schedule require a type of meter that is not normally used; therefore, the Company makes no guarantee that meters will be installed within any specific time. However, the Company will make its best effort to install the special meter within a reasonable time.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. RIDER NO. 1Sheet No. 1 of 1

Revision No. _____

Effective: _____

ADDER ASSOCIATED WITH MGC – RIDER NO. 1

(all prices in mills per kWh)

Residential & General Service (to 200 kW)

Summer kWh up to 115% of winter kWh	3.84
Summer kWh greater than 115% but less than or equal to 145% of winter kWh	4.44
Summer kWh greater than 145% but less than or equal to 175% of winter kWh	5.04
Summer kWh greater than 175% but less than or equal to 205% of winter kWh	5.64
Summer kWh greater than 205% of winter kWh	6.24

Large General Service (over 200 kW)

Summer kWh up to 106% of winter kWh	3.00
Summer kWh greater than 106% but less than or equal to 136% of winter kWh	3.48
Summer kWh greater than 136%	3.96

Large Light & Power Rate 14 and Contract Customers

Liquid Air	3.00
Fort Huachuca	3.00
Arizona Portland Cement	3.00
IBM	3.00
Asarco Mission 1	3.00
Asarco Mission 2	3.00
Asarco Silverbell	3.00
Cyprus	3.00
University of AZ (Main)	3.00
University of AZ (Medical)	3.00
University of AZ (Heating & Refrig.)	3.00
Burr Brown	3.00
DM AFB	3.00
Raytheon	3.00

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. Glaser

Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. RIDER NO. 2
Sheet No. 1 of 1
Revision No. _____
Effective: _____

MUST-RUN GENERATION – RIDER NO. 2

Must-Run Generation - Rider No.2

Variable Component	\$ 0.00162 per kWh
Fixed Component	
Residential Service	\$ 0.00432 per kWh
General Service - Rate No. 10	0.00514 per kWh
Large General Service - Rate No. 13	0.00360 per kWh
Large Light & Power - Rate No 14	0.00288 per kWh
Lighting	0.00432 per kWh
Public Authority	0.00432 per kWh
(Average Fixed Component)	\$ 0.00432 per kWh

Variable component is billed to scheduling coordinator.

Fixed component is billed directly to end-use customer.

During a month in which must-run generation is provided to meet retail load, the Market Price component used in calculating the on-peak MGC shall be a weighted average of the Palo Verde NYMEX futures price and the must-run variable cost charges that are levied on scheduling coordinators serving retail customers in the TEP load zone during that month, consistent with AISA protocols.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

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Tariff No. RIDER 3

Sheet No. 1 of 2

Revision No. _____

Effective: _____

TRANSMISSION AND ANCILLARY SERVICES – RIDER NO. 3

Transmission

Group "A" : For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service, but not purchased directly by the customer. Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit – Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, estimated rates are shown in selected Direct Access tariffs.

Note: A loss factor adjustment shall be made for transmission and ancillary services.

Group "B" : For customers not in Group A.

Applicability: Required for Direct Access Service, but not purchased directly by the customer. Sold to scheduling coordinator pursuant to the Company's FERC OATT. The following OATT rate is shown below for information and for calculation of the floating CTC (See Transmission Rider No. 3).

As of June 7, 1999, the transmission charges are as follows:

EHV	Non-EHV	
2.259	\$0.757000	per kW / Month

Note: A loss factor adjustment shall be made for transmission and ancillary services.

Ancillary Services

Group "A" : For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service, but not purchased directly by the customer. Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit – Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, estimated rates are shown in selected Direct Access tariffs.

Services covered:

1. System Control & Dispatch
2. Reactive Supply and Voltage Control
3. Regulation and Frequency Response
4. Energy Imbalance Service
5. Spinning Reserve Service
6. Supplemental Reserve Service

Notes:

- A loss factor adjustment shall be made for transmission and ancillary services.
- Energy Imbalance Service currently charged pursuant to the Company's OATT, which is subject to change pursuant to AISA protocols.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Steven J. GlaserTitle: Vice President, Rates & Regulatory SupportDistrict: Entire Electric Service AreaTariff No. RIDER 3Sheet No. 2 of 2

Revision No. _____

Effective: _____

TRANSMISSION AND ANCILLARY SERVICES – RIDER NO. 3**Group "B"** : For customers not in Group A.

Applicability: Required for Direct Access Service, but not purchased directly by the customer. Sold to scheduling coordinator pursuant to the Company's FERC OATT. The following OATT rates are shown below for information and for calculation of the floating CTC (See Transmission Rider No. 3).

As of June 7, 1999, the charges are as follows:

Service		
System Control & Dispatch	\$0.041000	per kW / Month
Reactive Supply and Voltage Control	\$0.161000	per kW / Month
Regulation and Frequency Response	\$0.156000	per kW / Month
Energy Imbalance Service	(see note)	
Spinning Reserve Service	\$0.423000	per kW / Month
Supplemental Reserve Service	\$0.069000	per kW / Month

Notes:

- A loss factor adjustment shall be made for transmission and ancillary services.
- Energy Imbalance Service currently charged pursuant to the Company's OATT, which is subject to change pursuant to AISA protocols.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

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District: Entire Electric Service Area

Tariff No. RIDER NO. 4

Sheet No. 1 of 1

Revision No. _____

Effective: _____

FIXED CTC BY CLASS – RIDER NO. 4

Fixed CTC by Class - Rider No. 4

The average of Fixed CTC by class is \$0.0093 per kWh

By class, the fixed CTC is:

Residential	0.0093 per kWh
General Service (Rate No. 10):	0.0111 per kWh
Large General Service (Rate No. 13):	0.0078 per kWh
Large Light and Power (Rate 14):	0.0062 per kWh
note: this is an average charge based on a 75% load factor.	
Rate No. 14 and Special Contract charges shall be adjusted such that	
a 60% load factor customer is charged:	0.0078 per kWh
and a 90% factor customer is charged:	0.0046 per kWh
Lighting:	0.0093 per kWh
Public Authority:	0.0093 per kWh

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

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Title: Vice President, Rates & Regulatory Support

District: Entire Electric Service Area

Tariff No. RIDER NO. 5

Sheet No. 1 of 1

Revision No. _____

Effective: _____

TRANSMISSION CREDIT – RIDER NO. 5

Specific rates to be determined.

These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups.

For illustrative purposes, estimated rates are shown in the Transmission and Ancillary Services sections (for "Group A" customers) of the respective Direct Access tariffs.

**Proposed Code of Conduct for Employees of
Tucson Electric Power Company Concerning Business
Relationships with its Competitive Electric Affiliates**

1. No officer or employee of Tucson Electric Power Company (collectively hereinafter "TEP") shall directly (or indirectly through an officer or employee of another affiliate of TEP) provide any information regarding a customer of TEP to any officer or employee of a competitive electric affiliate¹ (collectively hereinafter "competitive electric affiliates") unless such customer has consented to the release of such information. This prohibition shall not apply to publicly available information or information that is derived from publicly available information. To the extent customer consent is obtained, TEP shall provide customer information to competitive electric affiliates and non-affiliates on a non-discriminatory basis.

2. Any non-customer specific non-public information shall be made contemporaneously available by TEP to competitive electric affiliates and all other non-affiliate service providers on the same terms and conditions. More specifically, TEP shall adhere to the following guidelines regarding the dissemination of information to competitive electric affiliates:
 - a. Any list of Electric Service Providers ("ESPs") provided by TEP to its customers, which includes or identifies competitive electric affiliates must include or identify unaffiliated entities included on the list of those ESPs authorized by the Arizona

Corporation Commission ("Commission") to provide service within TEP's certificated area.

- b. TEP may provide non-public supplier information and data which it has received from unaffiliated suppliers to competitive electric affiliates only if TEP receives prior authorization from the supplier.
 - c. TEP shall not offer or provide advice regarding competitive electric affiliates to TEP's customers.
 - d. TEP shall maintain records documenting all tariffed and nontariffed transactions with competitive electric affiliates, including, without limitation, all waivers of tariff or contract provisions and all discounts. These records shall be maintained for a period of three years, or longer if required by a governmental agency.
3. TEP shall operate as a separate corporate entity from any competitive electric affiliate. TEP shall keep all of its books and records separate from its competitive electric affiliates in accordance with applicable Uniform System of Accounts and Generally Accepted Accounting Principles. TEP's books and records shall be open for examination by the Commission and Staff to determine compliance with this requirement.

¹ For purposes of this Interim Code of Conduct, competitive electric affiliates are those TEP affiliates engaged in the business of providing competitive electric services as defined in A.A.C. R14-2-1601, *et. seq.*

4. TEP shall not share office space, office equipment, services, and systems with any competitive electric affiliate nor shall TEP access the computer or information systems of its competitive electric affiliates or allow any competitive electric affiliate access to its computer or information systems except as otherwise permitted herein.
5. TEP may share with competitive electric affiliates joint corporate oversight, governance, support systems and personnel; provided, however, that any shared support is priced in a manner that permits clear identification of the TEP and competitive electric affiliate portions of such purchases and in accordance with all applicable Commission allocation and reporting rules. TEP shall not use shared corporate support functions as a means to transfer confidential information, allow preferential treatment, or create significant opportunities for cross-subsidization of its competitive electric affiliates nor shall TEP make joint purchases of any goods or services associated with the marketing of the commodity of electricity to customers in connection with any sharing of joint corporate oversight, governance, support systems and personnel.
6. Any joint communication or correspondence with an existing customer by TEP and its competitive electric affiliates shall be limited to consolidated billing, when applicable, and in accordance with this Interim Code of Conduct.
7. Except as permitted herein, TEP shall not jointly employ the same employees with any competitive electric affiliate. This provision applies to Boards of Directors and corporate officers. However, any board member or corporate officer of TEP's holding

company (UniSource Energy Corporation) may also serve in the same capacity with TEP or a competitive electric affiliate, but not both.

8. Except as otherwise provided herein, all transfers of goods and services between TEP and competitive electric affiliates shall be at market values unless required to be at tariffed rates.
9. TEP shall not subsidize any rate or charge for any non-competitive services provided by TEP's competitive electric affiliate.
10. TEP shall not promote or advertise its affiliation with competitive electric affiliates, nor allow competitive electric affiliates to use TEP's name or logo in any material circulated by competitive electric affiliates, unless such competitive electric affiliate discloses in plain legible or audible language, on the first page or at the first instance TEP's name or logo appears, that:
 - i) The competitive electric affiliate is not the same company as TEP; and
 - ii) Customers do not have to buy competitive electric affiliates' products or services in order to continue to receive regulated services from TEP.
11. TEP shall provide customer specific information to any competitive electric affiliate on the same nondiscriminatory basis as such information is provided to non-affiliated ESPs only after prior affirmative customer written consent is obtained by TEP. Any non-

customer specific non-public information concerning customers shall be made available by TEP to any TEP competitive electric affiliate and all other ESPs on the same terms and conditions.

12. If TEP offers a discount or waives all or any part of any charge or fee for non-competitive services to a competitive electric affiliate, or offers a discount or waiver for a transaction in which its competitive electric affiliate is involved, TEP shall contemporaneously make such discount or waiver applicable to all.
13. If a tariff provision allows for discretion in its application, TEP shall apply that provision equally between its competitive electric affiliates and all other market participants and their respective customers.
14. Requests from competitive electric affiliates and non-affiliated entities and their customers for services provided by TEP shall be processed on a nondiscriminatory basis.
15. TEP shall not condition or otherwise tie the provision of any non-competitive service provided nor the availability of discounts of rates or other charges or fees, rebates or waivers of terms and conditions of any service, to the taking of any goods or services from a TEP competitive electric affiliate.

16. TEP shall not offer or provide competitive electric affiliates advertising space in any TEP customer written communication unless access is also provided to all other unaffiliated service providers on the same terms and conditions.
17. TEP shall not make any statement suggesting or indicating that:
 - i) A person or company doing business with competitive electric affiliates will receive preferential treatment with regard to the purchase or sale of transmission service or electric energy from or to TEP; or
 - ii) A person or company doing business with TEP will receive preferential treatment in the purchase or sale of electric energy from or to competitive electric affiliates.
18. In the course of business development and customer relations, TEP shall refrain from:
 - i) providing leads to its competitive electric affiliates;
 - ii) soliciting business on behalf of competitive electric affiliates;
 - iii) acquiring information on behalf of or providing information to its competitive electric affiliates; and
 - iv) sharing market analysis reports or any non-publicly available reports, including, but not limited to market, forecast, planning or strategic reports, with its competitive electric affiliates.

**TUCSON ELECTRIC POWER COMPANY'S
STRANDED COST COLLECTION INFORMATIONAL REPORT
FILED PURSUANT TO DECISION NO. 62103**

I. STRANDED COST RECOVERY MECHANISM CONTAINED IN TEP'S SETTLEMENT AGREEMENT

Tucson Electric Power Company ("TEP's") stranded costs as defined in the Settlement, are determined by a mechanism that balances many factors including no rate increases for any customers during the recovery period. TEP did not calculate a level of stranded cost and then determine how that amount should be recovered from its customers. The mechanism incorporated by TEP allows for the recovery of stranded cost to vary inversely as the market price of power changes in the future. In accordance with the Commission's Electric Competition Rules, the Settlement sets the limit of recovery from contract customers at their current contract rate and the Settlement is consistent with the Commission's Stranded Cost Order which states that "no customer or customer class shall receive a rate increase as a result of stranded cost recovery by an Affected Utility." The mechanism that was developed simply utilizes the current rates for each customer class and subtracts the MGC (and related adders) and other tariff components. Any resulting differential is CTC recovery.

TEP's estimate of stranded cost is \$651 million, based on the methodology discussed above and adopted in the Settlement after accounting for the increase in the adder adjustment. The estimate is based upon certain energy price assumptions that allows a portion of the CTC to float inversely to the market price of power. The CTC is thus calculated based on current prices allowed to be charged to customers pursuant to prior Commission orders and special contract prices approved by the Commission. This estimate is dependent on the underlying assumptions of what the market price will be over the term of the recovery period and the current prices allowed to be charged to customers. If these assumptions change, the amount of stranded cost

would change. If the actual market price is higher than the estimate or customer pricing is lower in the Settlement, then stranded costs will be lower than \$651 million. Conversely, if the actual market price is lower than the estimate, then stranded costs will be higher.

II. TEP HAS ABSORBED REDUCTIONS TO CONTRACT CUSTOMERS

All special contract discounts from the otherwise applicable tariff(s) entered into subsequent to TEP's last rate case (Decision No. 59594) are currently being borne by TEP's shareholders and have not been shifted to non-contract customers. Further, *these costs will continue to be borne by shareholders* through the proposed stranded cost recovery period for the following reasons:

- (i) the shortfalls associated with the above-mentioned special contracts have not been addressed in a general rate proceeding nor allocated to any other customer class; and
- (ii) the shortfalls will not be addressed pursuant to the terms of the Settlement because the parties have agreed to a rate freeze during the stranded cost recovery period through 2008.¹

The fact that TEP has absorbed reductions to contract customers subsequent to its last rate case is further illustrated in Table A. To ensure that no write-offs are necessary under FAS 71 as a result of discounted rates, TEP must recover all operating costs, including interest, through the revenues provided by the contracts. The rate of return on rate base must at least equal the cost of debt. For purposes of this test, there is no requirement that the return to the shareholder be greater than zero, but it must not be negative. Table A demonstrates that the full cost of service, less the equity return, is recovered for contract customers. Since TEP has not

¹ Subject to the provisions of Section 13.4 of the Settlement.

Table A

**Rate of Return Calculation on Contracts, Based on Information Filed in TEP's 1999
Stranded Cost Filing**

	Dollars	Cents per kWh
1 Total Revenues, Contracts	\$82,400	\$0.0515
2 Operating Expenses Excluding Income Taxes, Contracts	\$76,378	\$0.0477
3 Pre-tax Operating Income	\$6,022	\$0.0038
4 Rate Base, Contracts	\$153,403	
5 Pre-tax Rate of Return	3.9%	
6 Weighted Cost of Debt	3.7%	
7 Pre-tax Rate of Return to Shareholders	0.2%	

incurred any FAS 71 write-offs as a result of special contracts entered into to date, it is clear that TEP has recovered the costs of service, including all regulatory assets and other stranded costs, through the existing rate structures under the special contracts. This demonstrates that TEP has not re-allocated any stranded costs from contracts to other customer classes for stranded cost recovery. The full amount of revenue forgone under the special contracts has been absorbed by the shareholders as a reduction to their return on investment.

III. TEP DID NOT INCREASE RATES TO CONTRACT CUSTOMERS PURSUANT TO DECISION NO. 59594 AND TEP HAS ABSORBED THOSE COSTS

TEP did not increase the charges to contract customers by the 1.1% pursuant to Decision No. 59549. Because TEP did not, as a result of this, increase charges to its other tariffed customers by more than 1.1%, TEP is absorbing these costs. TEP's stranded costs as defined in the Settlement did not increase as a result of this, because TEP's shareholders took the loss associated with the differences between the otherwise applicable tariff and the contract rates.

IV. RECOVERY OF STRANDED COST FROM EACH CUSTOMER CLASS

Pursuant to the methodology outlined above, each customer will only contribute to stranded costs in the proper proportion of the applicable tariffed and contract rates. The Company's current rates for all other classes of customers would, by definition, have to increase in order to recover the shortfall that is currently being borne by the Company's shareholders. The shortfalls associated with the above-mentioned special contracts have not been addressed in a general rate proceeding and will not be addressed pursuant to the terms of the Settlement because the parties have agreed to a rate freeze during the stranded cost recovery period. Because no discounts were reallocated back into TEP's tariffed rates, there are no subsidies between discounted contract and tariffed customers. The amount of stranded cost TEP estimates it will collect from each customer class, with the discounted contract customers as a separate class, from both the fixed and floating CTC mechanisms, as well as combined, is shown in Table B.

Table B

	Residential	General Service	Large Light & Power	Contracts	Lighting	Public Authority	Total
1	Average Total Price per kWh	\$0.091218	\$0.102166	\$0.064000	\$0.051500	\$0.084274	\$0.076682
2	Distribution & Customer Service Drop per kWh	\$0.023315	\$0.018478	\$0.000000	\$0.000000	\$0.018214	\$0.013469
3	Transmission & Ancillary Services per kWh	\$0.007438	\$0.007915	\$0.004739	\$0.004739	\$0.007438	\$0.007438
4	System Benefits per kWh	\$0.001434	\$0.001451	\$0.001287	\$0.001282	\$0.001472	\$0.001450
5	Billing, Metering, and Meter-reading per kWh	\$0.011547	\$0.001333	\$0.001291	\$0.000545	\$0.001718	\$0.000698
6	Fixed CTC per kWh	\$0.009300	\$0.009524	\$0.006200	\$0.006200	\$0.009300	\$0.009300
7	Fixed Must-run per kWh	\$0.004320	\$0.004406	\$0.002880	\$0.002880	\$0.004320	\$0.004320
8	Estimated MGC & Adder per kWh	\$0.039000	\$0.039000	\$0.035000	\$0.035000	\$0.039000	\$0.039000
9	Subtotal per kWh	\$0.096354	\$0.082108	\$0.051397	\$0.050646	\$0.081461	\$0.075675
10	Floating CTC per kWh	-\$0.005136	\$0.020058	\$0.012603	\$0.000854	\$0.002812	\$0.001007
11	Total Rate	\$0.091218	\$0.102166	\$0.064000	\$0.051500	\$0.084274	\$0.076682
12	Retail Sales (MWh)	2,500,000	2,500,000	700,000	1,600,000	36,000	200,000
13	Floating CTC Revenues	-\$12,839,055	\$50,145,831	\$8,821,954	\$1,366,025	\$101,242	\$201,467
14	Fixed CTC Revenues	\$23,250,000	\$23,810,358	\$4,340,000	\$9,920,000	\$334,800	\$1,860,000
15	Fixed Plus Floating	\$10,410,945	\$73,956,189	\$13,161,954	\$11,286,025	\$436,042	\$2,061,467
							\$111,312,623

Notes:

- 1 Average Total Price per kWh reflects the past three rate decreases of 1.1%, 1.0%, and 1.0%.
- 2 The above analysis is represented as an estimate only based on the best available information by customer class.
- 3 To the extent possible, the figures represented in this analysis correspond to TEP's 1999 Stranded Cost Settlement filing with modifications to Billing, Metering, and Meter-reading based on the ACC's Order in the case.
- 4 The Estimated MGC & Adder are shown for illustrative purposes only.